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THURSDAY, OCTOBER 1, 1953

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SAINT LOUIS

ASSOCIATED INDEMNITY CORPORATION
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The National Weekly Newspaper of Fire and Casualty Insurance

Counsel of Courage and Optimism Given by Esmond Ewing

Calls Agent Unique and Crucial Factor in Auto Competition

Counsel of courage and optimism in the field of automobile insurance was brought to the New Jersey Assn. of Insurance Agents at its annual convention by Vice-president Esmond Ewing of Travelers. The stock companies, he said, are seeking every means within their power to reduce their own internal underwriting costs and to provide better, more inclusive forms of coverage. They want to give the public a fine product, equitably priced and ably sold and serviced by experienced agents. "That is our goal. That is your goal, too. I think the future will demonstrate its achievement," he said.

What has amounted to a revolution in the field of automobile insurance was brought about by the entrance of a new type of company operating from stores or through the efforts of door-to-door salesmen which was willing and able to write cut rate insurance on special classes of drivers. This quickly brought about a merchandising advantage that produced a highly competitive and threatening situation.

Many agents have been impatient with established casualty companies because they did not instantly follow the lead of these newcomers. However, he expressed the belief that the future is going to prove the wisdom of proceeding with caution, studying all aspects of the situation and not attempting any radical alteration "in the way we conduct our business."

By attempting to skim the cream off the business and applying aggressive marketing and merchandising techniques, the specialty companies, he said, have had their dramatic initial successes and they have come at a time when the automobile situation is showing signs of improvement from an underwriting standpoint. But the battle does not always go to the side that wins the first skirmish. The insurance business is based on certain fundamentals "which we will not sacrifice merely for the sake of innovation."

He noted that National Bureau and N.A.U.A. have announced their new rating plans which have been put forth primarily to meet the existing competitive situation. A large proportion of the private passenger cars insured by National Bureau companies will benefit financially from the new plan and the more desirable risks will be cut about 15%. It is a sound start towards the answer to the specialty company competition. The gap between the two types of companies has been greatly narrowed.

He went on to say that the advan-

(CONTINUED ON PAGE 51)

Go Into Huddle on Industry Platform in N. Y. Auto Fight

Continuing the search for an industry platform as an alternative to the Dewey-Bohlinger campaign for compulsory automobile insurance in New York, an industry sub-committee went into session in the offices of Assn. of Casualty & Surety Companies at New York this week. This was a sequel to a meeting about 10 days previously at Chicago of the insurance industry committee on motor vehicle accidents. This is headed by Dewey Dorsett, general manager of A.C.S.C. There were about 45 at the Chicago conference. Opinion on how to approach this problem differs from group to group and company to company and there is no consensus specific enough yet to call for the work of a drafting committee. Numerous suggestions were advanced at the Chicago meeting, but the authors were not putting these forward as dogmatic and final proposals.

One of these tentative plans was that of the California group and is known as the California Plan. Spokesmen at Chicago on this were James Blalock of Pacific Indemnity and Robert Erle of Farmers of Los Angeles. This includes an impounding feature and an apparatus for satisfying the claims of victims of uninsured motorists that would be within the industry orbit. In this connection there was considerable discussion on how the costs would be met; that is, whether the industry would pay all of the costs, part of them or none of them. Also there was discussion of whether agents and brokers should participate some way in sharing the costs. If so, whether they should be on some sort of uniform basis or company by company.

Canadian Leader Predicts U. S. Auto Commission Cut

Prediction that commission reductions on automobile insurance will be accomplished by the companies in the U. S. just as this has been accomplished in Canada, was made by Sylvan Leipsic of the insurance firm of Aronvitch & Leipsic of Winnipeg, in addressing the convention of North Dakota Assn. of Insurance Agents at Fargo. Mr. Leipsic is president of Insurance Agents Assn. of Winnipeg and a director of Canadian Federation of Insurance Agents.

He voiced the belief that the U. S. will eventually have to follow what has been done in Canada, although the method used in the U. S. will be different. "I think we must face the fact that commissions must come down," he said, "but when we look at commissions on the automobile business, we have to realize that reduced commissions will not improve accident frequency or loss ratios."

The principal reason cited by the companies to justify reducing commissions was the threat of government insurance. He said that the lead of the English companies is pretty generally followed in Canada and this means that the most influential segment of the business comprises the companies who at home are not accustomed to doing business under the agency system. He said the U. S. companies are watching closely developments in Canada on commissions and he predicted that when they see the success of low acquisition costs "at the expense of the agent" it will undoubtedly give them serious consideration as to following the same course in the U.S.

He said Dominion Board companies

(CONTINUED ON PAGE 54)

Record Crowd Hears Auto, Other Issues Discussed in N. J.

Holland Elected; Schepens Says Switching Assigned Risks to Direct Writing Being Stopped

By KENNETH O. FORCE

ATLANTIC CITY—More than 700, which is a new high record, attended the annual convention of New Jersey Assn. of Insurance Agents here. Probably more time than usual was spent by agents in informal fraternization with company people and less on formal discussion of insurance problems.

The recommendation of Passaic county association, that the state association try to get the business to establish a producers' commission on assigned workmen's compensation



S. S. Holland



Roy H. MacBean

risks, was referred to the executive committee. That unit will investigate both the advantages and disadvantages of the proposal and prepare a report for the midyear meeting.

As is customary, a large share of the formal program was devoted to the automobile business. George J.

NEW OFFICERS ELECTED

President—S. S. Holland, East Orange.

Chairman executive committee—Harry G. Mather, Trenton.

State national director—H. Earl Munz, Paterson.

New members executive committee—Fred M. Bates, Jr., Metuchen; Henry Franz, Clifton, and Robinson Hollister, Newark; reelected—John W. McNally, Atlantic City; Alan H. Miller, Hackensack; John S. Sheiry, Bridgeton and Samuel R. Worthington, Camden.

Schepens, manager auto assigned risk plans in the east, briefly talked about the plan as it has been amended up-to-date, and then answered a lot of questions:

Are you going to add medical payments to assigned risk coverage?

Assumption of an assigned risk is voluntary by the insurer, Mr. Schepens replied, and many insurers in many cases are acceding to the request of agents to put it on.

Did agents have anything to say about the percentage of commission (10) allowed on assigned risks? It

(CONTINUED ON PAGE 41)

Late News Bulletins . . .

Program for Consulting Actuaries

Papers to be given at the meeting of Conference of Actuaries in Public Practice at Chicago Oct. 5 include "Pensions for All" by Frank G. Dickinson, economist of American Medical Assn.; "Voluntary Non-Profit Prepayment Health Service Plans," by Ruth E. Gardiner of the Blue Cross Commission; "Excess of Loss Reinsurance" by Harold C. Crawford, vice-president of Joseph Froggatt & Co.; "Pension Funds in Cuba," by Ramon Gutierrez, consulting actuary, Cuba; "Reporting for the Costs of Pensions," by Donald F. Campbell, Jr., consulting actuary, Chicago.

Cornbelt, New Company, Gets Illinois License

Cornbelt Ins. Co. of Freeport, Ill., has now been licensed. It starts with \$200,000 capital and \$200,000 net surplus. Frank T. Johnson is president and Allen W. Swain, former chief engineer of Crum & Forster in the west, is executive vice-president. The home office is in the Journal-Standard building.

Sees Evil Day for Pure Fire Folk

Archie Slawsby of Nashua in his presidential address at the convention of New Hampshire Assn. of Insurance Agents predicted that the casualty companies will make it hot for the pure fire companies; the latter he said will either have to go multiple line or resign themselves to the role of being professional reinsurers. At the same time he criticized casualty companies for "buck-passing" of unwanted risks during the market shortage.

He also complained of the rating formulas of National Council on Compen-

(CONTINUED ON PAGE 54)

TO ASK EARLY HEARING

John MacArthur and Dunne Indicted for Libeling Cravey

The Pulaski county, Ga., grand jury at Hawkinsville last week returned an indictment against John MacArthur, president of Bankers Life & Casualty of Chicago, and James E. Dunne, publisher of the *Insurance Index* of Louisville, charging they caused, "wickedly and maliciously," the publication of libelous statements about Zack D. Cravey, Georgia commissioner. Coming just in time to beat the statute of limitations, the indictment charges that an editorial in the *Index* in September, 1951, contained, among other things, "malicious, defamatory" statements.

Georgia newspapers quoted Cravey as saying he knew nothing about the indictment but that he had seen the editorial.

A hearing of the charges cannot be had until the accused parties enter Georgia. Mr. MacArthur told THE NATIONAL UNDERWRITER this week that he had nothing to do with the writing or publishing of the editorial. "Jimmy Dunne was indicted in 1951 by the Fulton county grand jury for writing it and I was not included," Mr. MacArthur said. "Since then we have filed our conspiracy suit against Cravey and others for \$30 million damages and apparently that made me co-author of the editorial. I don't recall the details but if the grand jury found, as reported in the *Atlanta Constitution*, that the 'statements about Cravey exposed him to public hatred, ridicule and contempt and tended to blaspheme the honesty,

virtue, integrity and reputation of Cravey,' I would be inclined to think it was a good editorial. If the purpose of the indictment is to keep me out of the state of Georgia, it will fail because I will demand an immediate trial. I have been told the defense to any libel action is to prove the truth of the alleged libel. If, in defending myself, I get the opportunity to prove the things I know, I have nothing to worry about. Actually I will be grateful to Cravey for providing the forum which will enable me to produce the witnesses under oath."

Home Publishes Mid-Year Results

Home has published its mid year results. These were affected by the plague of windstorms and shrinkage in market value of securities. Assets were \$384,626,296 as of June 30 compared with \$395,933,148 six months earlier. The premium reserve was \$178,123,055 which was an increase of about \$7 million. Capital was \$20 million and net surplus \$138,309,811, as against \$154,077,265 at Dec. 31. The net premiums were \$96,772,668 for the first six months as against \$97,294,304 for the parallel period in 1952 which was a record volume. There were 107,000 windstorm losses. The underwriting loss was \$340,071 for the first six months.

Nartin Dodge Co. Speaker

N. C. Nartin, chief of audits of Fire Insurance Rating Bureau, Milwaukee, spoke at a luncheon meeting of Dodge County Assn. of Insurance Agents at Theresa, Wis. on "Audit Department Procedure and New Developments."

Childs & Wood-Carson Pirie Big Chicago Store and Local Agency Form Liaison

Complete general insurance is being offered as a new department store service at Carson Pirie Scott & Co., the big Chicago State street department store.

The insurance facilities are operated as a leased department in the store by Childs & Wood, general insurance agents with offices in the Insurance Exchange building.

"This is the first time," Donald M. Wood, Jr., of Childs & Wood, said, "that complete general insurance has been sold in a department store as far as we have been able to determine."

"We are convinced that many people who need general insurance service are not getting it. Through this arrangement they can satisfy their complete insurance needs in one place which will be convenient to reach."

President John T. Pirie of Carson, Pirie pointed out that one particular advantage to customers would lie in being able to insure valuable purchases before taking them out of the store.

"A unique feature," he added, "is that premiums can be put on regular Carson Pirie charge accounts or deferred payment plans. Not only do we want the insurance to be easily available to our customers, but we want to tailor the expense to the individual's requirements."

Childs & Wood was founded in 1908 and is one of the prominent agencies of the city. Among its companies are Royal-Liverpool and Travelers.

Mr. Wood, who is a C.P.C.U. and B. Van Wie Fletcher, of Ft. Wayne made arrangements with Carson's for the leased department.

The department in Carson's store will be operated by Joseph M. Ryan, manager, who has more than 25 years in the insurance business, James L. Caulfield and Mrs. Annamae Habich, both also with long experience in insurance.

The insurance corner is on the sixth floor of the men's store. On that same floor is a customers' service center, including cashier, and also a travel service.

Hardwicke Retires; Other Cook Co. Bureau Changes

John O. Hardwicke assistant chief engineer of Cook County Inspection Bureau, retired Oct. 1 after over 42 years with the bureau. He was noted as an outstanding fire protection engineer and an authority on automatic sprinkler protection.

Charles J. Shukes becomes chief engineer of the bureau and is assisted by Messrs. F. F. Volberding and L. H. Smith. Mr. Shukes, a graduate chemical and fire protection engineer, has been in inspection bureau work since graduation in 1940 from Illinois Tech, except for three years when he was a company special agent and also in the plant inspection and safety department of a large manufacturing firm.

Enters Utah and Idaho

Western American Corp., the general agency that has operated in Nevada and California, has now expanded its field and opened a branch in the Atlas building for Utah and Idaho. Paul B. Castleton is the manager. The companies entered in Utah for Western Corp. are Ins. Co. of Texas, Baloise and Life Insurance Corp. of America. Western American in Nevada repre-

sents New Zealand, Standard of New York, Ins. Co. of Texas, Utah Home, Massachusetts Bonding, Century Indemnity and Inland Empire.

Mr. Castleton was formerly with Benson-Eldridge general agency at Salt Lake and was with Life Ins. Corp. of America.

Heavy Casualty Loss in Chemical Blast Near Buffalo

The casualty loss threatens to be the major consideration in the explosions in the Lucidol division plant of Novadel-Agene Corp., at North Tonawanda, N. Y. There were 11 killed and 27 other persons were injured and it is estimated that the property loss to surrounding premises will amount to \$100,000. The workmen's compensation insurance and third party liability coverages are in Zurich through the Rathbone agency of New York.

A late report was that three of the victims were not employees of the Novadel-Agene Corp. but of an outside contractor.

The Associated Factory Mutuals, which had the physical damage and U. & O. estimated the loss under these coverages at \$200,000 and \$100,000 respectively. The coverage was written through Blackstone Mutual. Factory Mutual engineers are on the scene trying to determine the cause of the explosion.

Zurich had the workmen's compensation, bodily injury liability and property damage liability on the plant.

As far as could be determined there were no B.I. claims but property damage was extensive, particularly to a nearby housing development and to automobiles in the area.

At first there was no local announcement as to insurance coverage but pressure of public indignation caused Wallace & Tiernan of Belleville, N. J., owners of the Novadel-Agene Corp., to announce that liability insurance was carried.

It is anticipated that primary insurers having losses on houses and automobiles will attempt to recover under subrogation, though insurance observers point out that it would be difficult to prove that the blast was due to negligence.

Miss. Failure Has Repercussions

Dealers General Agency of Starkeville, Miss., which has become insolvent, planted fire and casualty companies with automobile dealers in Mississippi and nearby states. During 1952, Dealers General Agency wrote about \$1 million in premiums. In early 1953, however, the volume dropped off considerably and the general agency rapidly ran down hill. The general agency also organized South Central Fire & Casualty of which about \$120,000 had been paid in for capital and surplus account. It appears that the general agency switched funds from the new company to the general agency in order to pay other insurance companies that it represented and in the final stages both became insolvent. General American Casualty of San Antonio, which was one of the companies represented by the general agency, lost more than \$100,000 in premiums due as a result of failure of Dealers general agency.

Claude C. Couvillion of Baton Rouge has been appointed Louisiana state director of Southern Farm Bureau Ins. Co.

No system of protection has ever been devised which could take the place of the idea of Insurance. Insurance has been in operation for almost 2 1/2-centuries.

Foremost among those who have founded Insurance, the Royal Exchange, chartered in 1720, shares with its agents the prestige of its pioneer tradition, the strength of its organization, and the advantages of its reputation for "exceptional service."



Royal Exchange Group

ROYAL EXCHANGE ASSURANCE
Henry C. Pilot, United States Manager

PROVIDENT FIRE INSURANCE COMPANY
THE STATE ASSURANCE COMPANY, LTD.
CAR AND GENERAL INSURANCE CORP., LTD.

Fire & Casualty Insurance
Fidelity & Surety Bonds

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Representatives in Principal Cities and Towns of the United States and in Most Countries Throughout the World.

Broker-Made Rate Becomes Insurer's Problem: Maloney

Many people have a mistaken impression of how the California department administers the rate regulatory law, "if the street talk is a fair indication," Commissioner, J. R. Maloney remarked in his address last week before the first meeting of the season of the Fire Underwriters Forum of San Francisco.

Insurers may be held accountable for improper rate making in concert as a result of the joint activity of their respective agents, Mr. Maloney remarked. While the broker is the agent of the buyer in relation to any company for which he is not an agent, if he acts as an intermediary between several companies in establishing a common rate, the companies might likewise be held accountable for a proper rate making in concert. Self-protection, he said, would seem to dictate that in accepting agent or broker-made rates, that insurer would inform himself fully as to how the rates were made and who participated in making them. Reasonable records should be kept of what went into making the rates, he declared, asking: "What justification can there possibly be for an insurer to be totally unable to produce a record showing the basis of its rate or rates—assuming they are not bureau rates? Yet, we have experienced this very thing."

He mentioned a rate examination of a company during which the department men ran across a number of policies on a risk for which there had been little or no domestic market and for which there were no bureau rates. This company, and two or three others, at the behest of brokers had gone into the field. Mr. Maloney said in his opinion this was decidedly in the best interest of the public and the company was entitled to commendation for making the move. However, the risks were at different rates, and the department analyst asked to see the records showing the bases for rate determination. The company had none, and all it could say was that the rates were broker-made.

Although the department had not challenged the rates but had merely asked to see their records on which they were established, Mr. Maloney said the company immediately stopped writing this type of risk and when pressed by the brokers for reasons, said it was because the department had questioned the rates.

"In truth," the commissioner said, "we had not questioned the rates at all; we had merely asked for the record required by law. It didn't take long for the rumors to reach the other few companies in the field and they also curtailed their activities. Needless to say, the brokers accused the department of destroying the market."

Mr. Maloney stressed that the law neither requires nor encourages the use only of bureau-made rates and the department has no intention to do so. The public would suffer when in need for coverage which has not been rated by a bureau, "if such were the case."

The broker has a right to suggest a rate to a company and explain the basis of his rate, since he represents the buyer and the buyer has the right to negotiate his rates. But once a company has adopted a rate suggested and

proposed by a buyer or his broker, it becomes the rate of the company, and Mr. Maloney emphasized the company adopts the rate not because the buyer or broker suggests it, but because the insurer is satisfied that the rate is proper and supportable by information in its possession and in its relation to other rates used by the company in the light of the rating law. A record must be made of this information to determine whether what is done complies with the law.

"It is not sufficient to refer the commissioner's representative to the broker for the data on which the rate is based, or to say, as one company did: 'Why, we wouldn't think of questioning a rate that comes from J. & H.' The department too," Mr. Maloney said, "has the highest respect for J. & H. and there can be no doubt that any rate proposed by it has been skillfully determined by experts. But once the rate has been adopted by the insurer it is no longer the J. & H. rate—it is the insurer's rate, and it must not be unfairly discriminatory in respect to its rates on other risks and must find its basis on information placed in the records of the company which shows that the rate making standards of the law have been complied with."

Spencer Mount Goes Into Adjusting Field at Chicago

Spencer C. Mount, who for many years has been the Chicago and Cook county marine manager of Royal, has resigned and on Oct. 1 opened his own adjusting and claims service in the Board of Trade building, specializing in marine.

Mr. Mount was with Royal for 38 years, starting in the New York marine department, and moving to Chicago about 18 years ago as Cook county marine manager.

Cimarron Names Sandige To Handle Arizona

John D. Sandige has been appointed special agent in Arizona for Cimarron of Kansas. He will set up the agency plant for the company. He has been in the insurance business since 1938.

Cimarron has increased its capital stock to \$500,000 and now qualifies as a multiple line company.

Dow New Flint President

Gordon B. Dow has been elected president of Flint (Mich.) Assn. of Fire and Casualty Agents, succeeding Philip Jackson Braun. Vice-president is Paul L. Lake and secretary, Kenneth R. Stacey.

Mr. Braun was chosen to complete a term as a member of the executive committee of the Michigan association, filling the post left vacant by election of Gerald W. Fauth as treasurer of the state organization.

Aetna Names Suter in La.

Bruce H. Suter has been named special agent at Louisiana for Aetna Fire group with headquarters at New Orleans. He is a graduate of Virginia Military Institute and served in the engineers during the war. Later he was with Southeastern Underwriters Assn., and then was in the Korean war. He joined Aetna after he got out of the service.

Fergus Deductible Speaker

Fire & Casualty Agents of Wichita met with Ewing B. Fergus, branch manager of Kansas Inspection Bureau as speaker on the new Kansas filings including the \$50 EC deductible. President Ralph Lightner presided.

Hearing Set on W. Va. F. F. 15% Deviation

Commissioner Gillooly of West Virginia has called a hearing for Oct. 14 on the 15% fire insurance deviation filing of Fireman's Fund and Home F. & M. The deviation would apply to dwellings, apartments, offices and mercantiles, garages, filling stations, laundries, hospitals and educational institutions. Mr. Gillooly was quoted as saying that agents who called on him expressed the fear that this would "trigger a rate war among stock fire companies..." He said Fireman's Fund officials say that the reduction would apply to 40% of their business, and that the company believes the public should benefit from its favorable loss experience in the state, and has elected to pass the savings on to the public rather than to go along with a 5% increase in agents' commissions that was granted by practically all the other companies.

West Virginia Inspection Bureau, according to Mr. Gillooly, has indicated it would not waive its right of hearing because it feels that the loss experience of Fireman's Fund would not justify the deviation. Mr. Gillooly said that the Fireman's Fund filing is regarded as a test step in West Virginia because of its strategic pivotal position between eastern and southern states.

Voluntary Health Insurance Hearings Set for Oct. 13-16

WASHINGTON—The House committee on interstate and foreign commerce, which has charge of health legislation generally, has scheduled hearings for Oct. 13-16 on private voluntary health insurance.

Present plan is for the committee to take testimony on A. & H. and hospitalization individual and group policies Oct. 13-14. Blue Cross and Blue Shield will be subject of a hearing scheduled Oct. 15 and labor union plans Oct. 16. The committee said "it could well be that each subject could generate more hearings."

The company organizations in that field have been contacted by committee representatives.

New Auto Rates Effective in Conn., Mo., and Ariz.

In Connecticut, where the new National Bureau auto rates have become effective, the Hartford rates range from \$72 for 1A, which compares with \$84 for the old class 1 rate, to \$180 for class 2C which compares with \$138 for the old class 2. There are 15 territories in Connecticut. The highest rated is New Britain where the range is from \$61 to \$155. There are several territories including remainder of state in which the class 3 or par rate is \$69 and where class 1A becomes \$42 and 2C is \$104.

The new rates in Missouri range from \$60 in St. Louis for class 1A as against the old rate of \$71 for class 1 to \$152 for 2C which compares with \$116 for the old class 2. "Par" is the \$101 rate for class 3. In Kansas City the range is from \$52 to \$129. The lowest rate is class 1A in remainder of state, it being \$31. Class 2C in R.O.S. is \$77.

In Arizona the range in Phoenix is from \$44 to \$112. In Tucson from \$41 to \$103 and R.O.S. from \$30 to \$76.

Insurance Women of Wichita launched the new year with a dinner meeting at which the new president, Dorothy Winters of Wheeler, Kelly, Hagny, presided. A group of five prevention films will be shown Oct. 12 by Ewing B. Fergus, Kansas Inspection Bureau, in conjunction with the Fire Prevention Week city-wide program.

Continental Cas. Broadens Travel Cover

Continental Casualty is now filing a broadened policy form for its short-term travel accident coverage; this includes also a rate reduction.

The new policy adds a permanent total disability benefit, extends coverage beyond the expiration date if a common carrier is delayed beyond the insured's control, and doubles medical expense reimbursement.

Under the total disability benefit, 50% of the principal sum benefit ranging from \$2,500 to \$25,000 will be provided for permanent total disability suffered as a result of injury while the policy is in force. The automatic extension of coverage goes up to 24 hours in cases of unavoidable delay, while the increased limits for doctor, hospital, nurse and surgical expense for injuries will range from \$500 to \$5,000.

Under the new rates, a \$5,000 policy for 180 days that used to cost \$18.95 will now cost \$13.40.

Zone 2 Men Confer

A group of about 25 attended the zone 2 conference of insurance department raters and deputies at Washington. This lasted for three days and was a desultory sort of meeting. Many of the old topics were on the agenda such as assigned risk plans, uniform accounting for rate making, multiple location risk problems and other familiar topics. Luther Williams of Pennsylvania was chairman. There were a number of industry people around and Martin Lewis and Elmer Anderson of Surety Assn. of America went into some of the surety matters with the group.

Northern Chiefs Entertain

Lord Glenconner, chairman of the London General Court, and T. W. Haynes, general manager of Northern of London, were hosts at a cocktail party for the staff of the New York office of Northern last week. The chairman and general manager were introduced to the New York staff by Earl D. Patton, U. S. manager of Northern group.

STOCKS

By H. W. Cornelius, Bacon, Whipple & Co. 135 So. LaSalle St., Chicago, Sept. 29, 1953			
	Div.	Bid	Asked
Aetna Casualty	3.00*	120	Bid
Aetna Fire	2.40	52	53 1/2
Aetna Life	2.50*	75	77
American Alliance	1.60	34 1/2	36
American Equitable	1.50	28 1/2	30
American Auto	2.00	45 1/2	47
American (N. J.)	1.10	24 1/2	25 1/2
American Motorists	.40	13 1/2	14 1/2
American Surety	3.00	56 1/2	57 1/2
Boston	1.40	33	34 1/2
Camden Fire	1.10*	23	24
Continental Casualty	2.50*	86	88
Cum & Forster Com.	1.60	47	48 1/2
Federal	.60	24 1/2	25 1/2
Fire Association	3.00	64 1/2	66
Fireman's Fund	1.60	58	60
Firemen's (N. J.)	.90	24 1/2	25 1/2
General Reinsurance	1.60	35	37
Glens Falls	2.00	57	58
Globe & Republic	.80	15 1/2	16 1/2
Great American Fire	1.60	39 1/2	41 1/2
Hartford Fire	3.00	159	162
Hanover Fire	1.80	37 1/2	39
Home (N. Y.)	2.00	39 1/2	41
Ins. Co. of No. America	2.25*	83	85
Maryland Casualty	1.20	25	26
Mass. Bonding	.22	22	23
National Casualty	1.50*	27	Bid
National Fire	2.80	68	70
National Union	2.00	40	42
New Amsterdam Cas.	1.50	43 1/2	45
New Hampshire	2.00	43 1/2	45
North River	1.20	27 1/2	29
Ohio Casualty	1.55*	62	64
Phoenix, Conn.	3.40	94	97
Prov. Wash.	1.50*	37	38 1/2
St. Paul F. & M.	.90*	34	35 1/2
Security, Conn.	1.70*	33 1/2	35
Springfield F. & M.	2.00	47	49
Standard Accident	1.60	45 1/2	47
Travelers	14.00*	724	730
U. S. F. & G.	2.00	63	65
U. S. Fire	1.50*	39	41

*Includes extras.

L. A. Magrath Is New S. C. President

The annual meeting of South Carolina Assn. of Insurance Agents at Charleston brought out the largest attendance in history. Robert Hurligh of Mutual Broadcasting Co. spoke to an over-flow audience and James Cahill of National Bureau of Casualty Underwriters explained the new classification plan on automobiles. Eugene Toale of N.A.I.A. presented his survey selling sketch, followed by a panel discussion on automobile premium competition. The panel members were Stanford Webb of Asheville, N. C., vice-president of the North Carolina association, Mr. Cahill, Parks Hunt of Hurt & Quin, general agency of Atlanta, Claude Vaughan, local agent of Darlington, S.C. The moderator was H. P. North, executive secretary of the South Carolina association.

L. A. Magrath of Conway is the new president; David G. Ellison, Jr., of Columbia, vice-president, Bernard Olasov of Charleston, national director; Gordon Schmidt of Charleston, secretary. The convention ended with cocktail party-banquet and floor show and the demand was so great that the sale of tickets had to be withdrawn the previous day.

Edward W. Melsh Indiana State Agent for Sun

Edward W. Melsh has been appointed Indiana state agent for Sun succeeding Clark W. Little, resigned. Mr. Melsh is a young man who has been groomed in the Chicago western department and has had considerable underwriting experience.

Glover Forms New Chicago Excess, Surplus Line Office

Elmer J. Glover, formerly of Staunton, Glover & Co., Chicago, is now operating his own firm there as E. J. Glover & Co., with offices in 507 Insurance Exchange building. The new organization will continue to specialize in excess lines, surplus lines and difficult classes of business such as long haul truck, taxi cabs, etc.

Mr. Glover, a veteran in this field, has been providing coverage for all types of hard to place risks for agents and brokers throughout the United States. He operated independently for many years and was an associate in the Staunton, Glover firm for six years.

Arthur Kilburg Forms New Association at Chicago

Arthur B. Kilburg, the veteran assistant manager of Cook County Loss Adjustment Bureau, has resigned that position and has become associated with the independent adjusting firm in the Insurance Exchange building, Chicago, of Daniel C. Swanson & Co. Mr. Kilburg was with Cook County Loss Adjustment Bureau since 1933, and he is one of the best known men in the Chicago area because of his many contacts with adjusters and company men over the years. Daniel C. Swanson & Co. has been in existence about 13 years and Mr. Swanson is a veteran of 25 years in the field.

Mr. Kilburg went with Commercial Union after getting out of the army in the first war and advanced to become general agent in charge of the auto and inland marine department, first at Chicago and then at New York. He went with C.C.L.A.B. to be in charge of the auto department and had been assistant manager since 1938.



Leaders at Ohio field outing at Cincinnati: T. W. Earls of the Earls-Blain agency, who was chairman of the golf committee; W. W. VanCourt of Aetna, winner of the Cincinnati Fire Underwriters Assn. trophy; H. Patrick Sweeney, president of Cincinnati Fire Underwriters Assn., and F. I. Sipp, Hartford Fire, Columbus, most loyal gander Ohio Blue Goose.

NACCA Leader Asks Aetna Directors Insurers to See the Light, NACCA Style to Meet Oct. 6 at Park Ridge, Ill.

C. H. Morris of the Wichita law firm of Morris & Bailey, who is one of the 72 vice-presidents of National Assn. of Claimants Compensation Attorneys, and was the first president of Kansas Assn. of Plaintiffs Attorneys, and who is the one that brought contempt of court proceedings in Sedgewick county, Kansas, against American Automobile, arising out of full page ads on automobile verdicts placed in Saturday Evening Post and Life magazine, addressed a meeting of Wichita Assn. of Insurance Agents. He is assistant editor of NACCA Law Journal and editor of KAPA Comments.

He said he is not an enemy in the midst of the insurance people. Insurance companies became more bold and through magazine articles and advertising, he said, together with direct mail advertising, began telling prospective jurors that "they are voting money out of their own pockets, that insurance companies are being cheated, they are deserving of the sympathy of everyone, that if equal and fair awards are allowed, they will go broke." He said this kind of advertising has an impact on the constitutional right of trial by jury, and thus threatens one of the great institutions left in the world today.

"In the wake of this tempest, waged by Wall street, U. S. Chamber of Commerce and insurance companies," he said, "come the buzzards and rodents feeding on the carrion and spreading the infectious germs of bureaucracy and state socialism."

He spoke of the agitation in New York in 1951 sponsored by Gov. Dewey to study the idea of a compensation plan for auto accident victims.

Even American Bar Assn. backed a bill before Congress to take federal employe liability cases under a commission, "depriving the litigant of jury trial."

State insurance, he said, is on the march and he resents this, particularly the move to take cases away from the jury and judges and put them under commissioners. "I likewise resent insurance companies' propagandizing the layman and prospective jurors to give niggardly awards."

Verdicts and awards, he said, have lagged far behind the cost of other services for five decades. Now that

The directors of Aetna are going to hold their next board meeting Oct. 6 in the new building at Park Ridge, Ill., that houses the western department. The group will arrive in Chicago that morning in a special car on the Century. They will make an inspection of the offices that morning. They will then have the board meeting in the afternoon. In addition to the directors, the group will include Douglas F. Kirschman, who is corporate secretary of Aetna. Aetna dates from 1819 and this is the first time in its history that a meeting of its board has been held outside of Connecticut.

Bay State Producers Elect

New offices of Massachusetts Insurance Producers Council, elected at the annual meeting at Boston, are: Walter S. Attridge, past president of Boston Board of Fire Underwriters, chairman; Lawrence B. Damon, vice-president of Insurance Brokers Assn. of Massachusetts, vice-chairman, and Herbert L. McNary, Boston Board, reelected secretary.

the compensation is "fairer" and more "realistic," he said, the insurers must revalue their premiums "with greater risk exposed." The insurance rates are too low, he said, and they lag behind the cost of other "commodities."

The trouble is, he said, that instead of raising premiums the insurance man criticizes NACCA for raising awards.

"Do you deliberately want to argue for an unequal, inadequate verdict with your circuitous logic?" he asked.

"Once the layman organized and propagandized by the social planners," he said, "takes the bit in his teeth and goes to the legislative halls there will be havoc in our ranks and certainly in the insurance company ranks..."

He charged that the insurance companies are spreading half truths about jury verdicts. "What a brutal thing it is to advocate to prospective jurors to short change a cripple with an inadequate award," he said.

The plaintiffs, lawyers and insurance companies should get together or they will be practicing before commissioners at less than a union wage scale and the insurers will be working for the state of Massachusetts. He asked the insurance people to confer with NACCA and KAPA.

La. Embezzlement Loss \$94,000

Great American Indemnity, it is reported, has the blanket bond for Louisiana National Bank of Baton Rouge, which has suffered a dishonesty loss of nearly \$94,000. Kling, who was the employe involved, is out on a \$5,000 bond. It is alleged that he embezzled the money over a period of 12 years by maintaining duplicate balance sheets on a dozen or more large depositors.

North British Unites Mich.-Ohio Fields; Barker Is Head Man

North British group has rearranged its Ohio-Michigan field, and has made Arnold G. Barker, the Michigan manager, manager of a newly created Michigan-Ohio department. He will have headquarters at Detroit.

Fred A. Krussman will be Mr. Barker's chief assistant, becoming assistant manager. The field headquarters for Ohio will remain at Columbus.

North British has been decentralizing its operations, and the new Michigan-Ohio department will have home office facilities for the two states.

Mr. Barker joined the North British 29 years ago and has had experience as engineer in the improved risk department in Michigan and other states. He has been Michigan manager for eight years.

Henry Reed Retires After 46 Marine Insurance Years

After 46 insurance years, Henry H. Reed is retiring from Johnson & Higgins. He expects to live abroad and will make his residence at American Farm School at Salonika, Greece.

Mr. Reed has served as president of Board of Underwriters of New York, American Institute of Marine Underwriters, Assn. of Marine Underwriters of the U.S., and board of managers of American Marine Hull Insurance Syndicate.

Mr. Reed started in 1907 with North America. He was made a member of the firm of Platt Fuller, the marine managers of North America, in 1918. In 1932 he became general manager of the New York office of that company. In 1937 he served the government as insurance adviser to the newly formed maritime commission. He retired from North America in 1948, and joined J.&H. later that year.

New Daily Criticism Procedure in Ky.

Kentucky Inspection Bureau has put into effect the new audit procedure on dwelling policies of \$10,000 or less that has been operating successfully in several other middle western states. Under this plan the audit bureau turns in correct daily reports and endorsements to the agent instead of making out a criticism, and the agent makes corrections on the daily report and changes the policy accordingly.

This system delays forwarding of dailies to the companies, and they do not know of liability until the daily report is received. Thus the agent is put in the position of having to make the corrections promptly.



Henry H. Reed



Of all the members of the animal world who use our forests, man is the one responsible for 90% of forest fires. Don't throw lighted matches, cigarettes, cigars or pipe ashes out of the car window. Don't leave camp fires smoldering. Drown them—then stir and drown again.

AETNA INSURANCE GROUP

AETNA INSURANCE COMPANY • THE WORLD FIRE AND MARINE INSURANCE CO.
THE CENTURY INDEMNITY COMPANY • STANDARD INSURANCE CO. OF N. Y.
HARTFORD, CONNECTICUT



This advertisement also appears—in color—in **TIME, NEWSWEEK, PATHFINDER, U. S. NEWS and WORLD REPORT.**

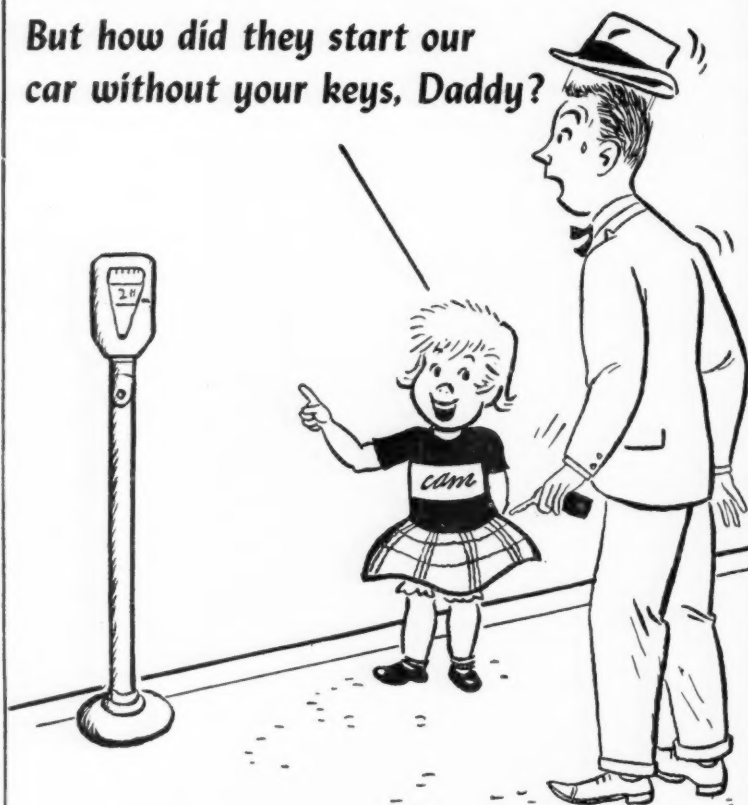
Clinton L. Allen, President

FOUNDED IN 1819, the Aetna Insurance Company takes its name from the famous volcano, which "though surrounded by flame and smoke is itself never consumed." From that day to this—through wars, conflagrations and depressions—no policyholder has ever suffered loss because of failure of an Aetna Company to meet its obligations.



THINK FIRST OF THE AETNA

But how did they start our car without your keys, Daddy?



Car-rustlers have ways, Cam, but don't fret — it's insured. THE CAMDEN agent will take care of us, all right.

THE CAMDEN



Fire Insurance Association

CAMDEN, NEW JERSEY

OUR SECOND CENTURY



A Company is Known
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AN INVITATION TO PROGRESSIVE AGENTS

WRITE FOR
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Mutual Agents' Annual Convention Program Given

The program is announced for the convention of National Assn. of Mutual Insurance Agents at the La Salle hotel, Chicago, Oct. 12-14. There will be a meeting of the executive committee Oct. 10 and the presidents of the state associations, comprising the advisory board, will meet the morning of Oct. 11 and the directors will meet that afternoon. State association secretaries will have a dinner meeting that evening.

There will be a meeting of the General Agents Assn. the morning of Oct. 12 and N.A.M.I.A. formal sessions will get under way that afternoon with John H. Kroll of Washington presiding. Dr. George S. Benson, president of Harding College, will speak on "Private Enterprise in America's Future," then the business meeting of N.A.M.I.A. will be held. There will be a C.P.-C.U. breakfast the next morning in the tower room of the Kemper building at 20 North Wacker Drive.

The convention session that morning will be devoted to traffic safety, speakers being Ned H. Dearborn, president of National Safety Council, Donald S. Slutz, director of Detroit Traffic Safety Assn., Charles M. Michalski, traffic engineer for Citizens Traffic Safety Board of Chicago, J. Stannard Baker, Northwestern University Traffic Institute, Franklin M. Kreml, traffic director, International Assn. of Chiefs of Police, Ray A. Shenefield of Toledo, chairman of the N.A.M.I.A. casualty committee, and William E. Billings of Niagara Falls, vice-chairman of that committee.

That afternoon the discussion will be on coercive practices of lending institutions. Harry E. Uhler, Baltimore, N.A.M.I.A. vice-president, will speak on this. Eugene F. Wright of Valley Stream, L.I., will speak on the evils of compulsory automobile insurance, Duane Colborn of Sac City, Ia., will talk on association activity and J. F. Montgomery of Jackson, Miss., will speak. The next morning there will be a discussion of selling mutual insurance today, the participants being Claude V. Hyson of Washington, C. Goodman Jones of Bluefield, W. Va., M. G. Williams of San Antonio, Skinner Chalk, Jr., of Morehead City, N. C., and W. Frank Wood of Cleveland, Miss. A. L. Kirkpatrick, insurance manager of U. S. Chamber of Commerce, will speak and Ralph W. Carney, Wichita, Kan., will talk on "Selling to Defend America." The banquet will be held that evening.

Big Clinic Session in Colo.

About 50 were on hand for a regional insurance day clinic at Fort Morgan, Colo., recently that was sponsored by Fire Underwriters Assn. of the Mountain States, Fort Morgan local board, Casualty & Surety Assn., and Colorado Insurers Assn.

Talks were given by Robert Parker of Employers Liability on building and contents form 18; Grant Darby, Travelers, on personal comprehensive and farmer comprehensive liability; Charles Bosworth, Jr. of the Silver-smith general agency, on marine coverages for the farm; Ed Perry of General Adjustment Bureau on facilities for handling losses, and George Haller of American Surety on license bonds, probate and court bonds.



It's a GOOD POLICY

...to get renewals out well in advance of expiration, and deliver them personally. Maintains regular contact with your assured; may lead to additional business; speeds receipt of commissions!

One of a series of Helpful Hints from Successful Agents. Watch this column for more.

and It's a
GOOD POLICY
that bears this seal



a progressive, agency-minded Company of unquestioned financial stability, nationally-known for prompt, capable, friendly service.

PACIFIC NATIONAL FIRE INSURANCE COMPANY

HOME OFFICE • SAN FRANCISCO
FOREIGN DEPARTMENT • NEW YORK AND
SAN FRANCISCO
EASTERN DEPARTMENT • PHILADELPHIA
WESTERN DEPARTMENT • CHICAGO
SOUTHERN DEPARTMENT • ATLANTA
INTERNATIONAL FACILITIES
WORLD-WIDE SERVICE

10 OF A SERIES

The Path of a Good Agent

He
Supports
Fire
Prevention
All Year
Every Year

FIRE PREVENTION WEEK
October 4th to 10th, 1953

1846
The American Insurance Group
Newark, New Jersey

The American Insurance Co. • Bankers Indemnity Insurance Co. • The Jersey Fire Underwriters

Countrywide Fidelity-Surety Experience for 1952 Is Compiled by N. Y. Department

The tables on fidelity and surety experience that are shown on this page were gotten up by the New York department from insurance expense exhibits. There are shown earned premiums and incurred losses on a net premium basis (after reinsurance).

Fidelity Stock Companies

	Underwriting				Country-wide Ratios		Expense Analysis				Taxes & fees to written
	Net premiums written	Losses incurred to earned	Exp. (adj.)	Claim to earned (adj.)	Comm. to written	Other acq. to earned	Gen. exp. to earned				
Accident & Casualty	\$67,525	\$46,223	26.3	48.2	25.5	-13.2	13.7	17.4	20.2	4.1	
Aetna Cas. & Surty	3,095,736	3,090,369	32.6	59.5	10.9	9.9	17.5	17.0	8.7	3.4	
Artex Ins. Group	586,687	616,809	40.2	57.5	2.3	7.3	21.2	8.7	17.5	2.2	
American Alliance	6,985	—	—	—	—	—	—	—	—	—	
American Auto Ins.	308,046	331,189	21.3	80.0	-1.3	26.1	16.6	13.2	20.8	3.3	
American Casualty-Reading	240,126	185,188	35.3	56.1	8.6	-1.7	13.4	18.8	20.4	3.2	
American Employers' Ins.	432,652	467,853	25.4	48.9	25.7	6.6	17.2	7.2	15.4	2.5	
American Guar. & Liab.	236,866	330,225	50.7	39.8	5.5	15.2	8.7	3.9	9.0	3.0	
American Motorists Ins.	232,620	233,424	27.0	44.4	28.6	12.5	10.7	8.2	10.7	2.3	
American National Fire	2,232	—	—	—	—	—	—	—	—	—	
American Surety Group	3,546,474	3,672,649	24.0	50.3	25.7	6.6	16.6	6.6	15.5	5.0	
Associated Indemnity	1,066	1,576	—	—	—	—	—	—	—	—	
Automobile of Hartford	6,289	1,850	—	—	—	—	—	—	—	—	
Bankers Ind. Group	50,246	42,093	21.9	45.1	29.0	4.1	31.1	2.4	7.3	1.2	
Birmingham Fire, Pa.	35,667	24,100	52.8	99.5	-22.6	6.9	8.4	31.2	18.4	4.9	
Boston Group	28,176	24,177	26.8	42.0	31.2	4	41.5	—	—	—	
Candem Fire Ins. Assn.	3,651	3,313	—	—	—	—	—	—	—	—	
Car & General Ins.	183,042	218,740	28.7	99.8	11.5	7.2	19.9	3.7	24.0	5.0	
Central Surety & Ins.	35	15	—	—	—	—	—	—	—	—	
Citizens Casualty	201,452	185,754	32.5	70.2	-2.7	17.2	19.9	6.9	21.6	5.5	
Columbia Casualty	242,185	225,639	27.9	50.7	21.4	4.4	22.2	8.8	11.3	3.0	
Com'l Ins. of Newark	10,870	4,799	—	—	—	—	—	—	—	—	
Connecticut Fire	20,695	18,069	—	—	—	—	—	—	—	—	
Connecticut Indemnity	760,760	785,698	38.8	49.5	11.7	9.2	16.1	8.9	11.3	4.0	
Continental Casualty	2,750	—	—	—	—	—	—	—	—	—	
Detroit F. & M.	50,774	31,429	36.5	32.1	11.4	1.4	19.6	1.5	9.5	1	
Employers' Fire	674,137	680,988	32.1	60.5	7.4	10.1	12.1	11.9	22.7	3.7	
Equitable F. & M.	2,174	960	—	—	—	—	—	—	—	—	
Federal Ins.	623,259	620,951	37.7	51.9	4	2.6	49.5	—	-2	—	
Fidelity & Casualty	2,551,322	2,449,597	36.2	58.5	5.3	14.6	13.7	6.6	19.5	4.1	
Fidelity & Deposit Group	5,228,227	5,445,448	45.2	59.6	-4.5	9.7	16.3	16.7	12.9	4.0	
Fire Ass'n of Phila.	25,501	22,332	37.8	78.2	-11.0	4.5	23.0	4.3	37.7	3.7	
Fireman's Fund Ind.	582,286	581,287	37.9	50.8	11.5	7.8	17.6	8.4	12.1	3.9	
Fireman's Fund Ins.	65,827	65,269	28.4	41.1	30.5	2.8	27.9	6.8	4.3	3	
Founders' Ins.	19,397	22,521	—	—	—	—	—	—	—	—	
Franklin Nat'l Ins.	7,511	5,675	—	—	—	—	—	—	—	—	
General Acc. F. & L.	39,053	28,725	50.3	38.8	10.9	5.3	15.3	5.5	10.0	2.7	
General Cas. of America	361,963	344,227	44.3	45.5	7.2	4.9	15.0	8.6	16.4	3.5	
General Fire & Casualty	5,515	1,050	—	—	—	—	—	—	—	—	
General Ins. of America	1,769	1,279	—	—	—	—	—	—	—	—	
Glen Falls Group	452,536	443,768	28.6	48.3	28.1	-1.2	16.3	9.6	19.8	3.8	
Great American Ind.	38,596	—	—	—	—	—	—	—	—	—	
Great American Ins.	482,569	546,971	27.5	64.0	8.5	5.5	17.7	13.7	24.1	3.0	
Guarantee Co. of N. A.	249,672	213,908	32.2	57.2	10.6	4.1	37.3	6.5	8.4	3	
Hanover Fire	25,520	25,157	10.0	42.0	39.0	3	41.7	—	—	—	
Hartford Acc. & Ind.	3,860,283	4,075,735	31.0	55.2	7.8	9.6	19.3	7.6	13.8	2.9	
Hawkeye Security	12,642	10,092	—	—	—	—	—	—	—	—	
Home F. & M.-California	17,307	16,317	28.4	46.9	30.7	2.8	27.0	5.7	4.2	3	
Home Indemnity	522,949	588,201	45.1	68.0	-11.1	13.1	21.9	9.7	18.0	5.5	
Indemnity of N. A.	2,465,075	2,800,490	37.7	45.5	-22.3	8.2	4.7	15.3	14.8	2.6	
International Fidelity	11,661	8,880	—	—	—	—	—	—	—	—	
International Fidelity	120,897	120,823	6.0	56.0	38.0	2.2	4	10.4	37.2	5.6	
London & Lancashire Ind.	50,461	62,760	31.1	74.5	-3.9	10.5	16.3	13.6	25.0	7.4	
London Guar. & Acc.	75,258	69,494	35.2	68.0	-3.2	7.2	9.2	17.4	28.3	5.9	
Manufacturers Cas. & M.	166,479	146,915	32.0	55.3	-7.3	10.2	16.8	8.1	16.4	3.8	
Massachusetts F. & M.	2,789	—	—	—	—	—	—	—	—	—	
Maryland Casualty	3,266,228	3,135,724	28.3	53.7	18.0	9.0	24.0	10.9	7.1	2.7	
Massachusetts Bonding	782,233	873,268	32.4	65.9	1.7	5.7	24.5	13.2	19.3	3.2	
Mechanics & Traders	7,511	5,675	—	—	—	—	—	—	—	—	
Metropolitan Casualty	162,871	162,853	22.5	53.1	22.4	5.9	23.2	10.5	13.5	3.0	
National Fire-Hartford	120,178	89,189	60.1	66.7	-26.8	8.9	18.5	10.8	25.5	3.0	
National Surety Group	4,286,342	4,384,935	29.9	61.7	8.4	13.6	20.1	10.2	14.2	3.6	
National Union Fire	293	—	—	—	—	—	—	—	—	—	
New Amsterdam Cas.	1,057,294	1,059,991	45.3	65.1	-10.4	9.4	26.2	14.2	12.7	2.6	
Ocean Acc. & Guar.	227,043	220,847	36.8	73.7	-10.5	13.8	13.8	6.9	38.2	6.0	
Pacific Indemnity	190,067	218,073	40.4	59.3	10.3	19.2	24.8	—	12.8	2.5	
Peerless Casualty	397,273	391,150	72.6	40.6	-13.2	9.4	18.7	8.5	1.4	2.6	
Phoenix Indemnity	5,209	46,329	35.2	68.2	-3.2	7.2	9.2	17.4	28.3	5.9	
Phoenix Ins.	18,013	7,862	—	—	—	—	—	—	—	—	
Potomac Ins.	4,339	3,192	—	—	—	—	—	—	—	—	
Providence Wash'tn Ind.	11,588	3,636	—	—	19.2	8	42.8	1	1.1	—	
Providence Wash'tn Ind.	27,861	22,143	38.0	44.8	—	—	—	—	—	—	
Reliance Ins.-Phila.	5,375	5,711	—	—	9.6	9.9	21.3	6.7	19.9	4.1	
Royal Liverpool Group	1,723,903	1,876,583	32.5	57.9	5.5	8.8	-9.2	14.0	12.9	5.3	
St. Paul-Mercury Ind.	1,809,544	940,685	38.7	31.8	20.2	7.8	24.9	6.3	2.4	2.5	
Seaboard Surety	833,755	780,580	35.6	44.2	21.5	8.8	24.9	6.3	2.4	2.5	
Security Ins.-N. Y.	6,898	6,023	—	—	6.2	1.6	17.7	44.3	13.4	2.6	
Springfield F. & M. Group	85,496	69,419	34.2	79.6	11.2	9.9	15.6	12.0	29.6	2.9	
Standard Accident	937,087	967,506	27.5	61.0	12.7	20.8	15.4	3.7	11.1	3.6	
Sun Indemnity of N. Y.	55,874	51,581	28.7	58.6	4.6	10.7	16.0	19.7	11.1	3.6	
Travelers Indemnity	1,700,436	1,588,916	34.8	60.0	9.5	4.2	19.6	14.6	15.9	3.7	
Transcontinental	7,511	5,675	—	—	-8.9	17.5	28.9	7.6	16.7	2.2	
United Pacific Ins.	166,356	177,682	32.5	58.0	13.6	7.9	19.5	13.5	13.2	3.1	
United States Casualty	255,824	255,427	36.0	72.9	—	—	—	—	—	—	
U. S. Fidelity & Guaranty	5,133,173	5,075,158	29.2	57.2	13.6	7.9	19.5	13.5	13.2	3.1	
U. S. Fire	1,205	—	—	—	—	—	—	—	—	—	
U. S. Guaranty	1,945,771	2,019,862	39.4	45.9	14.7	9.7	4.6	11.7	16.3	3.6	
Westchester Fire	803	—	—	—	—	—	—	—	—	—	
United Nat'l Indemnity	7,511	5,675	—	—	—	—	—	—	—	—	
Yorkshire Indemnity	17,190	13,782	—	—	—	—	—	—	—	—	
Yorkshire Ins.	5,730	4,594	—	—	—	—	—	—	—	—	
1948	\$56,148,369	\$44,154,861	31.0	53.4	15.6	9.0	24.7	—	—	16.7	3.0
1949	42,495,075	43,771,888	34.0	58.5	7.5	10.5	16.8	12.9	15.1	3.2	
1950	41,296,992	45,094,395	28.9	59.2	11.9	9.9	18.1	12.8	16.0	3.4	
1951	42,388,961	40,910,844	28.8	60.1	4.1	10.9	18.6	13.6	15.7	3.1	
1952	\$55,710	\$45,796	36.2	53.8	8.9	9.5	17.5	11.4	14.0	3.4	

Mutual Companies

(Amer.) Lumbermen's Mut.	\$542,780	\$544,658	26.8	46.3	26.9	12.5	12.2	8.4	10.7	2.5
American Mut. Liability	326,319	286,209	52.6	47.1	2	11.2	1.5	20.1	11.3	3.9
Employers' Mut. Liability	978,435	690,074	48.5	48.9	2.6	11.5	6	18.3	19.2	2.3
(Iowa) Employ. Mut. Cas.	45,884	41,690	8.6	45.1	46.3	2.7	30.3	3.2	5.6	3.3
Farm Bureau Mut. Auto	4,598	4,469								
Liberty Mut. Ins.	1,417,304	1,176,660	30.3	24.4	45.3	4.3		7.0	10.8	2.3
Natl' Grange Mut. Liab.	5,303	7,250								
Security Mut. Casualty	866,338	225,923	40.5	26.8	22.7	.7	34.7	.4	.3	.7
1948	\$1,875,683	\$1,572,667	40.2	36.7	23.1	9.9	10.8*		13.6	2.4
1949	2,169,650	1,826,445	49.2	46.7	4.1	14.3	8.9	14.1	12.2	2.3
1950	2,389,082	2,087,548	46.7	40.9	12.4	9.1	5.3	12.1	12.1	2.9
1951	2,998,333	2,483,951	56.2	42.0	1.8	6.4	6.8	10.6	14.6	1.6
1952	3,097,991	2,950,904	36.3	46.2	27.5	7.8	4.4	9.9	11.6	2.3*
Reinsurance Companies										
American Reins.	\$1,657,551	\$1,361,257	59.6	51.0	-10.6	2.1	43.0	2.6	2.9	.1
Employers Reins.	614,652	704,159	29.9	52.5	17.6	4.1	42.6	2.6	.9	2.4
Excess Reins. of America	158,200	201,634	52.0	57.0	22.8	8.5	43.2	3.0	1.9	.3
General Reins.	1,472,793	1,505,725	34.9	56.6	14.4	3.5	43.5	.4	8.0	.1
No. Amer. C. & S. Reins.	2,039,600	2,017,516	39.3	46.7	14.0	1.4	42.2	.3	1.5	.3
No. Amer. F. & M. Reins.	26,634	13,637								
Reinsurance Corp. of N. Y.	30,703	24,865								
Swiss Reins.	281,933	281,933	2.4	46.8	29.0	1.7	44.6	.5		
Western National Ins.	2									
1948	\$7,432,461	\$6,488,727	36.1	48.6	15.3	1.7	43.3*		2.3	1.1*
1949	6,033,152	6,062,504	43.4	50.5	6.1	3.9	44.1	7.2	1.8	.4
1950	5,016,292	6,181,486	32.3	51.2	15.9	2.3	46.4	1.2	1.6	.4
1951	7,005,884	6,062,173	43.6	54.9	1.8	3.6	47.0	1.3	1.9	.2
1952	6,463,895	6,145,507	40.5	49.4						

Reinsurance Companies

American Reins.	\$1,657,815	\$1,811,257	59.6	81.0	-10.6	8.1	43.0	2.6	2.9	1
Employers Reins.	614,652	740,189	29.9	52.5	17.6	4.1	42.6	2.6	9	2.4
Excess Ins. of America	138,200	201,634	20.2	57.0	22.8	8.5	43.3	3.0	1.9	3
General Reins.	1,672,705	1,768,725	36.0	49.6	14.4	3.5	42.6	4	3.0	1
No. Amer. C. & S. Reins.	2,019,600	2,017,516	39.3	46.7	14.0	1.4	42.2	3	1.5	3
No. Amer. F. & M. Reins.	26,634	13,057	—	—	—	—	—	—	—	—
Reinsurance Corp. of N. Y.	30,705	24,565	—	—	—	—	—	—	—	—
Swiss Reins.	281,544	281,593	24.2	46.8	29.0	1.7	44.6	5	—	—
Western National Ins.	2	—	—	—	—	—	—	—	—	—
1948	\$7,432,461	\$5,488,727	36.1	48.6	15.3	1.7	42.5	—	3.3	1.2
1949	6,053,152	6,062,594	43.4	50.5	6.1	3.9	44.1	7.2	1.8	4
1950	5,016,262	6,181,458	32.3	51.9	15.8	2.3	46.4	1.2	1.6	4
1951	7,005,884	6,092,713	45.6	64.2	7	3.8	47.0	1.2	1.9	2
1952	6,463,895	6,143,397	49.4	58.4	10.9	3.4	46.1	1.2	1.6	4

Fireman's Fund Indemnity Leaves National Bureau

Fireman's Fund Indemnity confirms reports that it had resigned its membership in National Bureau of Casualty Underwriters. President James F. Crafts said the action had been in contemplation for a long period and was taken only after careful consideration, prompted by the belief that as a non-member the company would have a greater opportunity to assist in solving many of the problems confronting the casualty insurance business, especially in the automobile field.

Mr. Crafts said it is based upon fundamental differences of opinion as to rate making procedures followed by the bureau as well as to other activities of that organization. He announced that the company will continue its analyses of underwriting and competitive situations, keeping abreast of new developments—all for the purpose of offering improved facilities in a manner best designed to meet the requirements of its policyholders, at the same time making every effort to continue its contributions to the stability of the business.

In a letter sent to its agents, the company solicited their views and suggestions with respect to improvements that might better meet the demands of the public—all in keeping with its intention to continue to operate through the traditional American agency system.

Hughes Craft Still Insured?

At one time there was some \$2 million of ground coverage on Howard

Hughes' flying boat, the 200-ton plywood plane that sustained \$5½ million damage recently when water and mud from a broken sea dike smashed the craft against adjacent structures at its hangar-drydock in Los Angeles harbor. The coverage was all-risk and was in London.

Stewart, Smith Makes Bid for Majority Stock of United Benefit Fire

OMAHA—Stewart, Smith & Co., Inc., of New York has tendered an offer to purchase the majority interest in the capital stock of United Benefit Fire, according to President E. S. Adams. They are bidding \$15 per share.

The officers and directors felt it was one that should be submitted to the stockholders for their individual consideration. Under the terms of the offer, the stockholders have until Oct. 15 to accept.

During the interim, the company will continue to write fire insurance and renew automobile business already on the books. Previously, because of unsatisfactory experience in the automobile field, agencies had been notified to discontinue the writing of new automobile business. Since the writing of new automobile business was discontinued, the company has had a better experience in this field, the management states.

The company was launched in 1947 as an experimental affiliate of Mutual Benefit H. & A. and the stock was sold at \$30 per share.

Albert E. Richey, associate manager of the H. F. Swisher agency of Mutual Benefit H. & A. and United Benefit Life, Columbus, O., has been named chairman of the 1954 convention of Ohio Assn. of A. & H. Underwriters, to be held at Columbus May 7.

Wooliscroft Is Minn. Mutual Agents' Head

The officers of Minnesota Assn. of Mutual Underwriters elected at the convention at Minneapolis are: O. J. Wooliscroft, Alexandria, president; Myron Gilpin, Albert Lea, vice-president; William C. Hnatko, Chisholm, secretary, and H. M. Aberg, Minneapolis, treasurer.

George A. French, executive secretary of Insurance Federation of Minnesota, cited as examples of legislation which needs attention by insurance people the comparative negligence bill, cash sickness plan, proposed abolishment of the Minnesota insurance department, as such, and possible state

automobile liability insurance.

Other speakers were George L. Mikan ("Mr. Basketball") of Ryan, Kain & Mikan, Minneapolis; Win Wolliscroft, Farm Owners Mutual, on "University of Minnesota Insurance Workshop Program"; John H. Kroll, president National Assn. of Mutual Insurance Agents; Commissioner Sheehan; John Berger, education director General Mills, on "How to Open a Can"; and J. H. Laidlaw, president Minnesota Farmers Mutual.

There was a panel featuring Gordon Grimm, Cream City Mutual Casualty; G. J. Van Horn, Milwaukee Automobile; Vic Snyder, R. N. Olofson Co., adjusters; F. E. Binninger, Indiana Lumbermen's Mutual, and J. R. King, Faribault agent.



Important figures at convention of Minnesota Assn. of Insurance Agents at Minneapolis: Joseph A. Rogers, Jr., Frank S. Rogers agency of St. Paul; William J. Traynor, assistant secretary of North British & Mercantile and a convention speaker; L. D. Engberg, St. Paul, state national director; Loren D. Capretz of Austin, newly elected president, and Charlie Bardessono of Hibbing, chairman of executive committee.

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October Advertising of Insurers Listed

Following is the national advertising which fire and casualty companies have reported for October issues of the publications listed. Where no date is indicated the publication is a monthly magazine.

Aetna Fire—Nation's Business; Newsweek, Oct. 12; Pathfinder, Oct. 7; Time, Oct. 5; U. S. News & World Report, Oct. 23.

American Credit Indemnity—Fortune; Nation's Business; U. S. News & World Report.

America Fore—Fortune; Life, Oct. 12; National Geographic; Newsweek, Oct. 26; Saturday Evening Post, Oct. 3; Successful Farming; Time, Oct. 19. American Foreign Insurance Assn.—Time, Latin American & Pacific, Oct. 5; Visao, Oct. 2.

Boston Insurance Co.—Yachting; Christian Science Monitor, Oct. 14, 28. Central Mutual—Saturday Evening Post, Oct. 3, 31.

Employers Group—Time, Oct. 26. Great American Group—Newsweek, Oct. 19.

Hardware Mutuals—Business Week, Oct. 3; Nation's Business; Newsweek,

Oct. 19; Saturday Evening Post, Oct. 24; Time, Oct. 5; U. S. News & World Report, Oct. 23.

Hartford Accident—Better Homes & Gardens; Business Week, Oct. 24; Farm Journal; National Geographic; Pathfinder.

Hartford Fire—Business Week, Oct. 24; Farm Journal; Life, Oct. 19; Nation's Business; Newsweek, Oct. 26; Saturday Evening Post, Oct. 17; Time, Oct. 5.

Home—Better Homes & Gardens; Nation's Business; Saturday Evening Post, Oct. 31; Successful Farming; Time, Oct. 5; Town Journal.

Maryland Casualty—Saturday Evening Post, Oct. 24.

National Board of Fire Underwriters—Look, Oct. 20; Saturday Evening Post, Oct. 24; Time, Oct. 19.

North America—American Home; Better Homes & Gardens; Newsweek, Oct. 12; Saturday Evening Post, Oct. 3, 31.

Phoenix Connecticut Group—Saturday Evening Post, Oct. 14.

State Farm—Collier's, Oct. 10; Country Gentleman; Pathfinder.

G. A. B. has opened a new office at 110 Hancock avenue, Athens, Ga.

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Annapolis, Md. Branch—42 State Circle, Phone 2649

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Telephone 9-8449
FT. LAUDERDALE
124 S. E. 2nd Street
PALM BEACH
18 North "A" St., Lake Worth
KEY WEST
Refer to Miami Office

LEHNHARD-BURGESS CORPORATION

MIAMI
Adjusters for all lines
Phone 9-4708 2828 Biscayne Blvd.

E. F. POMEROY, JR.
V. H. POMEROY JOSEPH D. POMEROY
POMEROY & POMEROY, Adjusters
205 Exchange Bldg. Jacksonville 2, Fla.
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Night Phones — 9-4606, 9-6197, 8-3563
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330 Brent Bldg. Pensacola, Fla.
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Night Phone — 3-5991

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Adjusters All Lines
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WAGNER & GLIDDEN, INC.
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258 W. B'dway - Idaho Falls, Id.
Tribune Bldg. - Pocatello, Idaho

Flails Away at Increasing Delays to Coverage Action, Hits War Clause

One of the liveliest reports at the convention of Pennsylvania Assn. of Insurance Agents was that by the chairman of the fire and allied lines committee, John J. Maguire of Philadelphia.

Each change in rules, rates, forms, new types of policies, etc., tends to make it more difficult to sell and deliver the insurance product, he averred. In the old days, there was a clean cut bill of goods to sell, the agent got an order, within a few days delivered the policies, was paid, and went after another.

There was no need to submit the business to a dozen different committees nor make filings with various insurance departments for approval. Company, agent and broker alike made a respectable income. About 80% of the producer's time was spent in selling his product, 20% or less in negotiating with the rating associations. Today these percentages are reversed. Servicing of an existing or new account is quite a problem. It is almost impossible to sell in one sitting without fear of error. After lining up the exposure and learning what the needs of the prospect are, the agent must in many instances consult a rating association for changes. Or there may be a new filing, a change in the interpretation of a rule or in the method of rating. In many instances notices of these changes are late in reaching the producer. Sometimes they never reach the producer at all.

The housecleaning that followed the Southeastern Underwriters Assn. decision was not intended to create chaos but gradually the business is headed in that direction, he declared, and unless there is a display of intestinal fortitude by companies and others responsible for the present situation, government

intervention will take place. The business is now so honeycombed with committees, associations, subcommittees and other bodies to which problems, suggestions, etc., are referred that the period of gestation preceding childbirth seems but a moment by comparison.

Quite a few clauses, policy forms, etc., have been approved by insurance departments and put in use, and then subsequent developments have proved conclusively they should never have received the okay of the department—the broad dwelling form, additional extended coverage, the war clause, sundry homeowners' policies with restrictive features, and the revised improvement rule. He did note that the Pennsylvania department has only 30 days to pass on a submission that bodies responsible for the submission have worked on perhaps for a year or more.

Mr. Maguire fired several salvos at the war exclusion clause which appeared unannounced in 1950 and which Mr. Maguire believes excludes coverage for such damage as was done by the accidental explosion of government war material at South Amboy, N. J.

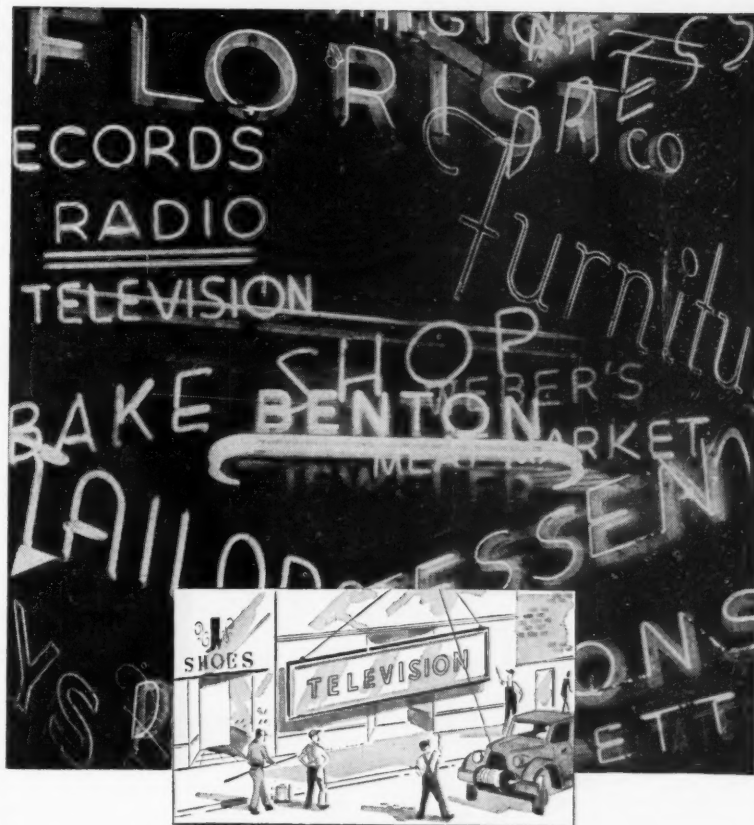
The clause is in practically every property damage, business interruption and marine policy written by stock insurers except Factory Insurance Assn. Efforts to get the companies to change the clause and appeals to the insurance department have so far come to naught, he said. The clause is like a saloon door, the companies can either admit or deny liability as they see fit. But it is not in some of the policies issued by the larger mutuals. At least one of the larger mutual groups has circularized policyholders with a letter to be attached to the policies specifically covering certain losses excluded by the clause which stock agents are compelled to use.

Mr. Maguire said he had checked with FIA and has been advised that the package form now in use in Pennsylvania does not contain a war exclusion clause despite reference in the explosion paragraph to such a clause. In their new package form the explosion section has been amended to remove this uncertainty, but that form is not being used in Pennsylvania or New Jersey but is being used only in Maryland, Florida, Louisiana, District of Columbia, West Virginia, Alabama, South Carolina, North Carolina, Georgia and Mississippi.

Mr. Maguire's committee has prepared a clause which it believes will satisfy all concerned and it hopes to have this "channeled through sources" for comment shortly. He emphasized the seriousness of the situation.

He noted certain restrictions in the homeowners' policies, such as non-coverage of mysterious disappearance, the existence of a deductible on some hazards, a water damage feature that is difficult to interpret, etc. Approximately 10,000 words are used in most of the policies and they contain conflicting clauses. One policy provides eight coverages and has five war exclusion clauses, all different.

However, he declared that some type of combination policy is here to stay and warned agents they may find their business dwindling unless they famil-



When a man puts up a sign...

he never expects his business life to flicker out. To the contrary, he expects to stay in business...today, tomorrow, in fact until he's old and gray.

Naturally he has Fire Insurance—he thinks it does the job. The fact that his income stops when he's temporarily "out of business" following a fire, windstorm, explosion or other disaster doesn't enter his mind. Chances are that he has never even heard of Business Interruption Insurance.

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(Nothing can point up the need for Business Interruption Insurance more concretely than the recent widely-publicized accounts of the big industrial fire not covered by Business Interruption Insurance.)

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Travel Accident—Including War Risk
- ALL UNUSUAL RISKS**

iarize themselves with the policies and at least offer or discuss them with clients.

He warned that care should be exercised in using the descriptive literature, some of which is misleading in that it doesn't refer to mandatory deductible, limitations on jewelry or the exclusion from unattended automobiles of theft losses.

He said he hoped to see the day a company comes out with a simplified policy, perhaps in two sections rather than in two policies such as A and B with one amount overall, in concise wording stating what is and what is not covered, starting at \$2,500 and ranging up to \$50,000, available for either dwelling owner and/or tenant, etc. He thinks this could be done in 5,000 words.

He suggested that agents can use effectively the General Motors Livonia, Mich., loss as an entree to selling business interruption insurance. His committee has attempted, to save time, labor, etc., to have FIA revise the requirement of furnishing values every six months. This was in order in times of skyrocketing profits, but with business leveling off, can be done once a year.

He urged agents to sell the new AEC; otherwise, they can be severely embarrassed.

He noted that under the dwelling form companies deny liability if the property has never been in the dwelling but is destroyed at a distant location, on the theory that this property is not covered under the off premises feature. But the homeowners' policy apparently does not require the property to have been in the dwelling.

In view of the growth of motels, motor courts, etc. Mr. Maguire believes special arrangements should be made for handling these units. The motel of today is a modern, well constructed, well supervised, year around proposition and should be subject to at least the same rate as applicable to dwellings.

He said he hoped provision would be made under the windstorm coverage of extended coverage No. 4 for coverage on a building in course of construction, especially where blanket insurance is involved.

He said rates for EC on lumber in the open and in sheds are so high, 35 to 50 cents, that it is practically impossible to interest a lumber dealer. Some free lance, non-member company interested in writing high class lumber yards probably could reap a harvest by reducing these rates to something like 6 cents.

Interstate Rating Reviewed

At a meeting sponsored by Dallas Assn. of Insurance Agents, the interstate experience rating plan recently provided in a law passed by the Texas legislature was discussed by J. D. Wheeler and Angus McDonald of the casualty division of the Texas department; E. K. Bach, manager of Interstate Rating Bureau, and J. A. McCormack, assistant secretary of the National Council on Compensation Insurance.

Maxwell C. Ross, director of advertising of Old American of Kansas City, was the leader of the discussion group on insurance at the convention of Direct Mail Advertising Assn. at Detroit, Sept. 30-Oct. 2. He was in charge of a booth where group discussions were held.

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Ill. Agents Card Offers Inviting Fare at Peoria

The program has been largely shaped up for the convention of Illinois Assn. of Insurance Agents at the Pere Marquette hotel, Peoria, Nov. 16-17. Lyle Gift of Peoria is the general chairman. He is a past master at handling Illinois conventions.

The dinner meeting of the directors will be held Sunday evening Nov. 1. The membership meeting will be held the next morning with reports of officers and committee chairmen, adoption of resolutions and election of officers. At the luncheon that day the speaker will be Jack Major, who is a sure-fire humorist and luncheon philosopher. His lecture is entitled "Taxes, Women and Hogs." Mayor Robert Morgan of Peoria will be heard from at the afternoon session and there will be a showing of the film "Telephone Courtesy."

James F. White, advertising director of Maryland Casualty, will speak on "A New Perspective on Local Agency Advertising." He has a message of the utmost practical value to convey. Final speaker that afternoon will be W. W. Ellis, sales supervisor of Aetna Casualty, on "Three S's of Salesmanship."

The next morning there will be inserted for the first time a rural agents' breakfast conference. This will feature Hoyt G. Whitney of Sunbury, O., who has appeared on N.A.I.A. programs and has a lot of good ideas for rural agents. He has a public relations talk that is geared to the rural area.

John Neville, executive secretary and general counsel of N.A.I.A., will speak at the regular session that morning, then Roy L. Davis, Chicago manager Assn. of Casualty & Surety Companies, will be moderator of a panel on automobile insurance. This will deal with such matters as the new classification rating plan, the new Illinois legislation on driver licensing, assigned risk plan, compulsory insurance agitation, etc. The members of the panel are now being lined up. There will be a luncheon at Mount Hawley County Club for the ladies.

In the afternoon there will be a panel on public relations. The agents side of the story will be given by Francis J. Budelier of Rock Island and Dudley Giberson of Alton with Emil Lederer of Chicago serving as moderator. Then the field men will hold forth, featuring David Larson of Home, Edgar Taylor of Firemen's and Oscar Schowalter of New York Underwriters. There will be a showing in this connection of the film "The Magnolia Story."

There are two other speakers yet to be announced. At the banquet that evening new officers will be inducted, presentation will be made of the Jennings Membership Cup and the C. M. Cartwright Achievement Award, and there will be a first-class entertainment with the compliments of Millers National, Illinois Fire and Illinois National Casualty.

New York Probing Union's Welfare Plan. Agency Tieup

ALBANY—Gov. Dewey has ordered the insurance department to investigate the health and welfare funds of local 32-E of the Building Service Employees International Union, AFL, which has become the center of the inquiry into labor racketeering at the Yonkers harness-racing track. The governor also asked the department

to scrutinize the books of Alcor Agency, Inc., an insurance brokerage office established by officers of the local. It wrote insurance for the local and paid three of its officials a total of \$1,050 a week in salaries.

Superintendent Bohlinger said he already had obtained some information on the Alcor Agency and that he had directed members of his staff to start investigating the union's health and welfare fund. He said he would carry out the governor's order "speedily and in full."

Gov. Dewey hinted that the inquiry might be extended to all union welfare funds in the state. The raceway investigation was set off by the murder of Thomas F. Lewis, president of local 32-E, founder of the Alcor Agency. It was found that in 32 years \$165,000 was paid to so-called "labor trouble-shooters."

PR Man Joins Tri-State

Fred N. Davis, Jr. has joined Tri-State Ins. Co. of Tulsa in charge of public relations. He was formerly on the news staff of Tulsa World, and was once with Procter & Gamble at Cincinnati in P.R. work. He graduated at University of Tulsa and got a master's degree in journalism at Northwestern.



Officers and directors of New Mexico Assn. of Insurance Agents as viewed at convention at Albuquerque: Bottom row, Neil Durham, Clovis, treasurer; Alice Walsh, Gallup, vice-president; Jack Daniels, Hobbs, president; Ed Marchant, Albuquerque, secretary, and Paul Sackett, Albuquerque, state national director. Top row, all directors: Bill Hessler, Lovington; Louie Freudenthal, Las Cruces; Bob Bronson, Albuquerque and Irv Menger, Alamogordo.

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Like Harry Blum, brokers all over the country are reaping a harvest of commissions with the Preferred Whole Life Policy. You can, too, with a Prudential Brokerage Agreement. And you get the full commission.

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Dallas C.P.C.U. Hears Buyer

Ted T. Redington, Jr., insurance buyer and pension supervisor of Dresser Industries, addressed the Southwest C.P.C.U. chapter at Dallas on "The Insurance Buyer's Viewpoint of

the Insurance Industry Today. Mr. Redington formerly was with Travelers and State Mutual Life.

Frank F. Haack, Jr., Mutual Life, Milwaukee, will speak at the monthly dinner meeting of the Insurance Women of Milwaukee Oct. 5.

Moser Takes Up Cudgel Against Bohlinger in Drive for Compulsory Insurance in N. Y.

Henry S. Moser, general counsel of Allstate, spoke up at Buffalo against compulsory automobile insurance at the same forum in which Superintendent Bohlinger of New York flung down the gauntlet and launched the battle for enactment of a compulsory law in New York in 1954.

Because of its emotional appeal to the uninformed the problem of compulsory insurance, Mr. Moser said, has become magnified far beyond reason.

He then proceeded to go into the mathematics of the case to demonstrate in New York state in 1952 liability insurance coverage was lacking in only 60 of the accidents in which a fatality occurred, and in only 1,925 of the accidents in which there was a serious injury, and this figure should be substantially reduced because recovery would be barred in many of the cases because of contributory negligence. Also, there are a certain number of motorists who make deposits under the law, and are not financially irresponsible. Then too, not all persons injured or killed by financially irresponsible motorists even in situations entailing liability went completely uncompensated. Often there was reimbursement through workmen's compensation, accident insurance, hospitalization, passenger medical insurance, etc.

It would be far more useful for all interests to bend their efforts to attempt to reduce the number of casualties than to seek to devise methods for compensating financial losses resulting from such casualties. The insurance business, he said, has striven to attack the problem at its roots. For instance, more than 24 municipalities in New York state have accepted the offer of the insurance industry committee on motor vehicle accidents to make a review and survey of their highway safety problems.

Mr. Moser developed the thesis that under compulsory insurance, the people obtain less overall protection than they do under safety responsibility law and passage of compulsory law will result in constant political pressure for reduced insurance rates, and that accordingly the available market for insurance will become restricted and finally the state will enter the business to make the required insurance available.

Mr. Moser said that Superintendent Bohlinger asks, if we now have 96% of the cars insured and there are no political pressures on rates, why will such pressures arise by the addition of another mere 4%? Mr. Moser said he asks in return if 99½% of the cars have been insured in Massachusetts, why has political pressure there always been present, constant and unending? The answer is that these repercussions are the result of the compulsory features.

Mr. Bohlinger argues that automobile rates are a political issue in Massachusetts because the state makes the rates, whereas in New York this is not true. Mr. Moser contended that this distinction is not valid, for in Texas and Louisiana the rates are state made, and in those places there are not political repercussions that are found in Massachusetts. As a matter of fact, the fact that rates were not state made in New York would provide ammunition for the politicians in

campaigns to come.

The rate making process under compulsory insurance is certain to be a political one and the result will be progressive agitation for decreases in the allowable rates. As rates are depressed, fewer insurers find it profitable to write insurance, and thus the pressure will grow for a state fund. But once a state fund is set up, the pressure will increase for lower rates and costs will be camouflaged so as to bring this about. Thus, the private insurers that remain will have to compete with unrealistic state rates and in the end they will have to either go broke or leave the state.

The more appropriate course of action is to explore the possibilities of voluntary means of protecting those injured by the financially irresponsible motorists. There have been few problems which the creativeness of free enterprise has been unable to solve. The creativeness should be given its opportunity here. When an industry is endeavoring to preserve its very existence and its aggregate capital and surplus of \$1 billion 600 million is in the balance it is understandable that it moves cautiously and that it takes a little longer to find the right solution. The slow process of persuasion makes ultimately for greater permanence than legislative fiat. Voluntary solution to problems carries more understanding than legislative mandates.

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Over 40% of all businesses damaged by a serious fire or windstorm never reopen—even though most of them have insured their buildings, fixtures and stock. The reason, of course, is that few businesses can stand the drain of a long period without earnings while repairs are being made.

Such failures need not happen. A business can insure the earnings it might lose after a fire or other disaster. Called *Business Interruption Insurance* or *Earnings Insurance*, this form of protection affords the businessman a much-needed cushion against misfortune. *Earnings Insurance* protects a firm not only against the total loss of income resulting from a complete shutdown, but also against a partial loss in earnings if it is unable to carry on some portion of the business.

There is nothing complicated or expensive about *Earnings Insurance*. It is highly useful and ordinarily costs less per \$100 of coverage than insurance on your building and other physical assets. Yet a loss in income could be much more serious than the property loss you might suffer.

Ask a competent, independent insurance agent or broker to help you determine how much *Earnings Insurance* you need to protect your business against failure.

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MacLatchey President of Canadian Superintendents

E. B. MacLatchey of New Brunswick was elected president of the Superintendents of Insurance of the Provinces of Canada at its annual meeting at

Charlottetown, P. E. I.

Other officers elected were: Georges Lafrance, Quebec, vice-president; Roy B. Whitehead, Ontario, reelected secretary; John Edwards, Ontario, reelected assistant secretary and H. B. Armstrong, Prince Edward Island, reelected treasurer.



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Joseph R. Glennon Takes C.P.A. Post

Peat, Marwick, Mitchell & Co., certified public accountants, announced that Joseph R. Glennon, former chief deputy of the Illinois insurance department, has become associated with their firm as a consultant in their insurance department. He will make his headquarters in the Chicago office at 105 South La Salle street.

Mr. Glennon served as chief examiner of the Iowa insurance department for 10 years. While associated with the two departments he was active in National Assn. of Insurance Commissioners subcommittees dealing with examinations and the annual statement. He is a certified public accountant.

The firm of Peat, Marwick, Mitchell & Co. was organized in 1897 at New York. It has offices in 40 of the principal cities, and has been active in the field of insurance audits for many years.

Calls Enthusiasm Priceless Attribute

Enthusiasm is one of the priceless attributes for a successful insurance career, Ellsworth Gosling, representative of Aetna Casualty at Hopewell, N. J., said in addressing the graduation banquet concluding the 136th session of the Aetna Casualty sales course at Hartford.

Mr. Gosling, who was invited to address the class because of his outstanding record since graduation from the Aetna course only 16 months ago, told the graduates to use "colorful word pictures to illustrate the coverages you are describing".

"After all," the speaker pointed out, "if you're not enthusiastic about the policy you are recommending you cannot expect your prospect to be interested."

Mr. Gosling, describing the role of the rural agent, stressed the opportunities for agency service leading to the development of a strong personal relationship with policyholders.

Osteopathic Table Accident Held Malpractice Case

Fireman's Fund Indemnity, as O. L. & T. insurer, was absolved by Washington supreme court of responsibility in a case arising out of the collapse of an osteopathic treatment table in the office of Dr. H. G. Harris at Seattle. The court found that this falls squarely in the realm of malpractice liability which was excluded from the coverage. The case is Harris and Shaw Supply Co. vs. Fireman's Fund Indemnity, 8 CCH 104. Mrs. Pearl Shaw and her husband recovered a judgment of \$5,500 against Dr. Harris and Shaw Supply Co. which sold a table to Dr. Harris as second-hand merchandise.

The insured argued that the policy insured against all accidents occurring on the premises except as to professional errors and negligence or mistake amounting to malpractice. The question, according to the court, is whether the use of the defective osteopathic table under the circumstances constituted "malpractice, error and negligence or mistake committed in the performance or omission of professional services." The table was no ordinary piece of office furniture, the court said. It was specially designed to enable an osteopathic physician to give his patients the type of treatment which he was licensed to give. It was as much a part of his professional

equipment as an operating table is part of a surgeon's professional equipment. The judgment was rendered on the basis of findings that the safety catch on the table was defective.

G. H. Canada, owner of the Wright agency at Centerburg, O., was badly hurt in an airplane accident and will not be able to look after his agency for some time.

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● Reliance on book values for insurance is misleading and dangerous. Actual cash values established by Continuous American Appraisal Service furnish the proper basis for coverage, re-rating, and proof of loss.

The insured will appreciate such counsel from you.

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Record High Level of A.&H. Cover in '52 Reported for U.S.

The American people voluntarily increased their protection against the unexpected costs of hospital, surgical and medical care to new record high levels in 1952, the Health Insurance Council reports in its annual survey of A. & H. cover in the U.S. Every section of the country participated in the gains, the council said.

Cash benefits from voluntary health protection aggregated more than \$2 billion in 1952, the council stated in its first public estimate of these figures. About half this amount went to help meet the cost of hospitalization, and over a half billion dollars more went towards operations and doctors' bills. Another half billion dollars represented benefit payments by insurance companies replacing income lost due to accident or sickness. Thus voluntary health protection is now taking care of a substantial part of the nation's health bill.

The total number of persons covered against hospital expense approached the 92-million mark at the end of last year, the report states. This represented an increase of more than 5½ million, or 7% over 1951. More than 73 million persons were protected against the cost of operations under surgical expense coverage at the end of 1952. This figure represented an increase of more than 7½ million persons, or 12% over the year before.

Approximately 8 million more persons than in 1951 were protected against doctors' bills under medical expense coverage at the end of last year. This increase brought the total number of persons so protected to nearly 36 million and represented an increase of 29% over 1951, according to the report. The number of persons protected against loss of income due to disability exceeded 38 million at the end of last year, a new high mark.

The year likewise saw increasing public acceptance of major-medical expense cover, the newest form of voluntary health protection designed to help meet the catastrophic costs of very serious illness. Nearly 700,000 persons had this form of protection at the end of last year, the council stated.

"The development of major-medical expense coverage," the council stated in its report, "is further evidence of the willingness of the insurance business to experiment in the public interest and to take steps to meet a recognized public need. It testifies to the alertness of the companies writing accident and health protection in recognizing the need for broader coverage than had heretofore been available, and thus reflects the inherent vitality of the voluntary health movement in this country."

Organizations covered in the report include insurance companies, Blue Cross, Blue Shield and various other independent plans sponsored by business and industry, employee benefit associations, and private group clinics.

Reynolds Allstate V. P.

James A. Reynolds, Jr., has been elected a vice-president of Allstate. He joined Allstate in 1937 and has served in administrative positions in the home office and various regional

offices. At present he is in charge of the operating department.

West Newbury Mutual Now Norfolk & Dedham Sister

West Newbury Mutual of West Newbury, Mass., is now being operated as an affiliate of Norfolk & Dedham Mutual Fire of Dedham, Mass. Harold A. Knapp is president of both companies and the officers and directors of the two companies are almost identical. Gov. Herter signed a bill for a charter amendment of West Newbury Mutual and it is operating on an advance cash premium plan with 15% deviation instead of on a deposit note basis. All outstanding policies were rewritten on the new plan and are completely re-insured by N. & D.

Forms Montana Branch

Northwestern Mutual Fire has set up a Montana branch at Missoula. Heretofore, its Montana business has been handled through Armstrong general agency of Kalispell. Head of the office at Missoula is Robert Easter, who has been in the field in Washington state. He will be assisted by Robert Swain.

Insurer Loses On Insanity Issue

Lititz Mutual was on the losing end of a decision of the western South Carolina federal court on which it sought to avoid liability for fire loss on the ground that the insured was insane when the policy was issued. The case was *Palmer vs. Lititz Mutual*, 8 CCH (Fire & Casualty) 115. The claim was for a loss of \$8,000 in a fire in a dwelling in McCormick, S. C. Lititz argued that the policies were null and void in that at the time they were applied for and issued, the insured was non compos mentis and was unable to contract. There was testimony about whether the insured was or was not insane.

The court said that even if he were incompetent at the time he bought the insurance, Lititz having sold the policies and accepted his regular premiums is in no position now after the fire to raise the question of insanity. The contract is voidable only; it is binding on the insurer and it cannot be avoided by the insurer; the right to avoid a

contract on the ground of insanity can only be exercised by the insane person, his guardian or representative; where a defendant is suing under a contract it was capable of making, it cannot plead the insanity of the other party.

Lititz also argued that the insured did not have the capacity to sue and that his former committee is an indispensable party. The court held otherwise. It said that if the committee were an indispensable party, she could be added as a party plaintiff, but the court said that the records establish that at the time the insured brought this action he had been adjudged sane by Veterans Administration, which had originally adjudged him incompetent in 1936. After he brought the action he was also officially declared sane by the probate court and there is no evidence that he is now insane or has been since he was adjudged sane by VA in 1942.

Wirt Yerger Jackson Chief

Wirt A. Yerger was elected president of Jackson (Miss.) Assn. of Insurance Agents, succeeding Thomas D. Yates. James R. Preston is vice-president and Clant M. Seay, secretary.

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Since the new and improved Provident Non-Can coverages were introduced last Spring, the volume of Non-Can business issued each month has set new records. And accordingly, the commission checks being received by a growing number of Non-Can producers are also setting new records.

The market is large: in addition to professional and business men, you have the vast "blue collar" market of regularly employed (and well paid) skilled tradesmen throughout the nation. The first step in cashing in on this opportunity is to take a few minutes and write for full information.

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VIEWS COMPULSORY THREAT

Herd Gives Timely Comment in Talk at LaRue Luncheon

Hugo LaRue was warmly saluted at a luncheon Friday on the eve of his retirement as secretary of America Fore in the western department to go off to Lantana, Fla., where he has built a new home. He has been an America Fore man 52 years, but he belies the years that such a period of service implies as he is exceptionally trim and youthful in appearance. J. Victor Herd, executive vice-president, was on from the head office along with Fred P. Walther, secretary and chief underwriter at New York, who has worked closely with Mr. LaRue over the years and who originated from Chicago.

Ernest Henne, vice-president and western manager, presided with pertinent wit and good humor. He said that he had brought in a number of America Fore men from pasture to let Mr. LaRue see how America Fore retirees fare and it was evident they fare very well, as for instance, Arthur H. Derbyshire, who was formerly secretary and head of the inland marine department at the head office. He sails a Star boat around Saugatuck, Mich., where he has his summer home. Then there was E. R. Wilson, former loss

manager in the west, who paints his own home in Glencoe, Ill. As for C. J. Lingfelder, former assistant secretary, Mr. Henne said he had not retired at all, but instead had taken over the housework and Mrs. Lingfelder had retired. Other retirees included L. J. Feeney, who was assistant secretary, and L. F. Summers, who was chief engineer. There was a telegraphic message from James Hullett, president of Hartford Fire. Levering Cartwright of THE NATIONAL UNDERWRITER spoke in appreciation of Mr. LaRue. The honor guest was presented with a handsome silver piece autographed by his associates.

Partly because of Mr. Henne's comments as to the number of Continental and Fidelity-Phenix shareholders present at the luncheon, Mr. Herd gave an intimate picture of the America Fore results this year and touched on current insurance affairs in general. He said the greatest problem facing the industry now is the threat of compulsory automobile insurance in New York and California. If either of these states should take that route, he said, it is feared that this would touch off a fuse that would trigger other states to do likewise. This is a difficult proposition to combat, he said, because the idea of compulsory insurance has a surface appeal and the case against it is necessarily recherche.

The insurance industry, he said, is studying what should be offered in the

(CONTINUED ON PAGE 51)

Mutual of Omaha Policy Goes Into Air Vending System

Mutual Benefit H. & A. has become the insurer of air travel policies issued through Tele-Trip Policy Co. Inc., making the insurance available in 54 airports, V. J. Skutt, Mutual of Omaha president, announces. Heretofore the insurer has been American Employers. Mutual of Omaha becomes the insurer



of policies sold through Tele-Trip's coin-operated trip insurance validating machines.

Machines will sell policies giving coverage for either domestic or foreign travel on scheduled airlines ranging in amounts from \$5,000 to \$50,000. The domestic rate is 25¢ per trip for each \$5,000 of insurance. There is issued

a 3¢ stamp as the policy is validated, so that it can be mailed to the insured's home or office or his beneficiary. The policy as it comes from the machine is a self-mailer. It is possible to buy multiple policies for amounts in excess of \$5,000 and thus get a 3¢ stamp with each.

John Shaheen is the main factor in Tele-Trip.

Open Minn. Auto Cover Bids

ST. PAUL—Wide spread bids marked the opening on blanket motor vehicle liability for state employees. The low bid of \$51,658 annual premium was submitted by Mutual Service Casualty. It would provide \$50,000/\$100,000 B.I. and \$5,000 P.D.

Other bidders were: T.C. Field & Co., St. Paul, \$101,909; L.D. Engberg, St. Paul, \$102,102; H. and Val J. Rothschild, St. Paul, \$114,973.

Commissioner Sheehan must approve the bid before the contract is awarded.

Talks on Back Conditions

Dr. Leo J. Adlestein addressed Casualty Insurance Adjusters Assn. of Southern California on "Low Back Conditions." He said most of these conditions are in the industrial field. In cases arising in the private practice field recovery is rapid, and the patients return to work in a reasonable time, but in the industrial field the recovery is slow, running into long periods of time.

Award L.A. School Contract

Zoss Construction Co., Los Angeles, has been awarded a \$1,843,200 contract for the construction of the Richland junior high school, by the Los Angeles board of education. United Pacific has executed the bond.

WANT ADS

Rates—\$18 per inch insertion—1 inch minimum. Limit—40 words per inch. Deadline 5 P. M. Friday in Chicago office—175 W. Jackson Blvd. Individuals placing ads are requested to make payments in advance.

THE NATIONAL UNDERWRITER

WANTED

Claim man, capable of ultimately assuming the managership of a rapidly growing young casualty company writing full coverage automobile and aviation, and some Workmen's Compensation. This is a Home Office position and an outstanding opportunity. Give age, experience and salary expected. Address U-50, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

WANTED

Experienced casualty and surety production man, married and between ages of 28 and 45, as manager of Syracuse, N. Y., service office, N. Y. S. & O., of a national company. Excellent salary for qualified man. Submit resume. Address U-18, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

AVAILABLE

Agency Manager, 7 years' experience all phases of agency operations, fire, casualty, Inland Marine, Bonds. Wish to relocate, preferably Texas. Family man, age 34, do not drink. References, Salary open. Will consider company connection. Address U-53, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

PARTNER WANTED

Owner of well established Indiana general insurance agency offers contract including opportunity to purchase for service of multiple line man. All inquiries held confidential. Address U-54, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

CASUALTY MEN WANTED

Progressive General Agency needs experienced casualty underwriter for Kansas City, Missouri office. Also experienced underwriter or Special Agent to do field work in St. Louis, Missouri Territory. Please state in detail qualifications and experience. Box U-57, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

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BOX NO. U-48

The National Underwriter, 175 W. Jackson Blvd.
Chicago 4, Ill.

Program Set for Ohio Agents' Rally Oct. 12-14 at Toledo

The program has been announced for the 2½-day meeting of Ohio Assn. of Insurance Agents at the Secor hotel, Toledo, Oct. 12-14.

There are a number of pre-convention activities scheduled for Monday morning, opening with a breakfast for rural and small lines agents. Hoyt G. Whitney of Sunbury, committee chairman, will be in charge. Ray W. Capp, Phoenix of Hartford, and Dennis Smith, assistant farm manager of Home, will give talks, and there will be a panel discussion with three agents and three company men participating.

The convention will open with a luncheon Monday at which L. T. Powell of Mansfield, vice-president, will preside. The opening talks will be given by John C. Tubbs, president of the Toledo association, and W. H. Annat, Ohio director of commerce. That afternoon there will be a property insurance session at which the speakers will be Arthur M. O'Connell, Cincinnati, chairman of the N.A.I.A. property insurance committee; Frank R. Midgah, assistant manager Ohio Inspection Bureau, and Eugene F. Gallagher, Chicago, manager of Planet. Then there will be a workmen's compensation session at which the main talk will be given by T. M. Gray, Sr., executive secretary of the Ohio association. That evening there will be fire prevention entertainment with Paul E. Smith, president of Fire Prevention Assn. of Ohio, in charge.

On Tuesday morning August Pryatel, deputy Ohio superintendent; James M. Cahill, secretary of National Bureau of Casualty Underwriters; J. C. Bishop, assistant secretary of Ohio Farmers Indemnity, and Ray H. Miller, manager Ohio assigned risk plan, are on the card.

Survey selling session will occupy the afternoon with talks to be given by Robert T. Corrigan of Canton, and John R. Jacob of Canton.

The banquet is slated for that evening with R. R. Schryer of Lima, O., president, presiding.

On Wednesday morning the new officers will be elected and the committees and officials will give their reports.

The young agents will have a luncheon Tuesday, and the local board secretaries also are scheduled to get together at that time.

Minn. Federation Meet Set

George French, newly-elected secretary of the Insurance Federation of Minnesota, has announced that the annual meeting will be held at the St. Paul hotel, St. Paul, Oct. 13, with A. L. Kirkpatrick, manager of the insurance department of the U. S. Chamber of Commerce, as the speaker.

S. E. McPherson to Retire

Stanley E. McPherson, assistant U. S. manager of New Zealand and allied companies, will retire Jan. 1. A veteran field man in northern California who joined New Zealand in 1939, Mr. McPherson is now on full-pay leave of absence until the effective date of his retirement. He became superintendent of agents in 1946 and assistant manager in 1951.

New H.L. Davis Insurer

H. L. Davis & Son, the managing general agency of San Antonio, has been appointed general agents for Penn-

Liberty. That company is in process of being moved to Birmingham, Ala., and of being combined with the newly organized American Liberty.

Parker Lists Ways to Reduce Farm Fire Loss

Fire loss on Texas farms last year amounted to \$5 million and the loss on farm buildings and crops this year may be even higher unless something is done to reduce farm fires, Norris W. Parker, manager of Texas Insurance Advisory Assn. has warned.

Fires across the nation on farms last year cost farmers \$100 million, he reported.

He suggested three safeguards to help reduce farm fires: Use of care and forethought in construction, maintenance and use of all farm property with a view to eliminating all needless fire danger; equipping farm houses and outbuildings with simple fire-extinguishing equipment, and organizing farm community fire-fighting brigades equipped with more effective equipment than an individual farmer can afford.

Wash. Auto Rate Departures

The Mutual Insurance Rating Bureau auto classification plan has been amended to permit the producer to sign the application, the Washington department reports. Heretofore the application had to be signed by the insured.

Through its insurance agency, Automobile Club of Washington has filed an auto insurance rate discount to be given to males under 25 who have completed an accredited high school driver training course, and to all women drivers under 25.

Mackie to Hansen & Rowland

Louis A. Mackie has joined the general agency of Hansen & Rowland at Tacoma as controller, assistant secretary and assistant treasurer. He was previously assistant secretary and assistant controller of General of Seattle, and had been a General man seven years. He is a C.P.A. and a graduate of Whitman College and was a navy officer in the last war.

List S. F. Forum Speakers

Speakers for the Sept. 30 meeting of Insurance Forum of San Francisco on "Insurance Markets and Marketing" were Hugh D. Symington, underwriting manager Farmers Insurance Exchange, and William Latham, resident secretary of Home. They discussed the same subject at the C.P.C.U. institute at Stanford University earlier this year.

To Double Home Office Space

New Jersey Manufacturers Casualty is erecting a 52,000 square feet three-story addition to its home office at Trenton. The company now has 34,000 square feet in its building, which was erected in 1945. Completion of the new section is expected by next July.

Market Men's Mutual of Milwaukee has been licensed in Ohio.

Insurer Wins Water Damage Issue

Aetna Casualty won a decision from the eastern Pennsylvania federal court in an issue concerning a water damage loss, the case being Berman, Inc., vs. Aetna Casualty 8 CH (Fire & Casualty) 113. The damage occurred from storm rain water entering the basement through a foundation wall, but despite the exclusion of loss caused by seepage, leakage or influx of water through building walls, foundations, basement floors, etc., the insured argued that the rain disposal system was part of the plumbing system and that a broken soil pipe that was involved, constituted defective spouting. The court, however, said this is entirely beside the point because the water damage clearly was caused by seepage, leakage or influx of water through the foundation building wall, and, therefore, was caused by a peril not included in the policy. This exclusion according to the court is not a whimsical one. Buildings frequently have water in their basements and this usually occurs because of water which somehow has come through the basement walls. It is understandable that an insurer would want to be excluded from liability for this very common hazard.

The insured also contended that some damage was caused by water from a toilet in a small room in the corner of the rear basement. Damage from water from this source is covered by this policy; however, the evidence was that practically all and perhaps all the damage came from the water from the broken soil pipe at the front of the building.

During the storm rain water from the roof entered a rain spout and at the ground level this entered a soil pipe which ran to the city storm sewer. There was a bend in the soil pipe just below the ground level and here there was a break in the pipe. Much of the storm water came from out of the pipe through the break and then flowed through a hole in the front foundation wall of the store and there was considerable damage to haberdashery.

Wilson Corp. Moves Detroit Office
The J. M. Wilson Corp., Michigan

managing agents, have moved from their downtown Detroit location where they had been for 23 years to 18353 West McNichols road. Robert Belanger is the Detroit manager.

Texas Agents' Annual Parley and Regionals Announced

Texas Assn. of Insurance Agents will hold its 1954 convention at the Texas Hotel, Fort Worth, May 14-15, it was decided by directors, meeting at Dallas. Other matters up for discussion dealt with a program of operations for the fiscal year that began Sept. 1.

The association also announced plans for 14 regional meetings between October and February. At each of these meetings talks will be made by officers of the fire and casualty divisions of the insurance department, Texas Automobile Checking Office and spokesmen for the automobile and workmen's compensation assigned risk pools.

The first three meetings will be held at Quanah, Oct. 20, Amarillo, Oct. 21 and Lubbock, Oct. 22. Others will be held at Abilene, San Angelo, Temple, Benton and Tyler in November; at New Braunfels and Baytown in December; at El Paso and Odessa in January, and at Corpus Christi and Pharr in February.

OK's Non-Assessable Policy

Commissioner Cheek of North Carolina approved a new non-assessable policy for the Factory Mutual group. Factory Mutual writes only under the pools and groups section in North Carolina and previously had written only assessable policies.

Harry N. Ray has been appointed assistant manager of Midway National agency, St. Paul. He was formerly with Lloyds of Minneapolis and later was an adjuster for Allstate.



This unusual shape is a silhouette of a common desert plant—the cactus.

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PPF Insurer Escapes Scot Free

A decision fixing entire liability on the fire insurance policy on dwelling contents and excluding liability of a personal property floater on the same risk was given by St. Louis court of appeals in *Spink et Ux. vs. Mercury et al*, 8 CCH (Fire & Casualty) 109. In this case the PPF insurer was Rhode Island and besides being in receivership, the receiver was denying liability under the policy terms. Mercury and Sun each had a \$10,000 fire insurance policy on the contents and then there was also a \$20,000 PPF with Rhode Island.

The Mercury and Sun policies had the pro rata liability clause and the Rhode Island policy had the provision prohibiting other insurance without endorsed approval and provided that if there were other insurance at the time of loss, the Rhode Island cover would apply only as excess.

J. G. Taylor Spink was the insured. He suffered a loss of \$7,750 March 26, 1950. On May 8, 1950, Rhode Island wrote to its local agent saying that under the Agreement of Guiding Principles, Rhode Island is liable for their proportion of the claim under the basis of contributing insurance. This agreement covers among other things the question of pro rata liability with fire insurance companies in the payment of fire losses for property covered by both types of policies. Subsequently Rhode Island went into receivership and the receiver denied liability on the ground that there was specific insurance in effect without knowledge of Rhode Island.

Mr. Spink is publisher of *Sporting News* of St. Louis and has been the official statistician for both the major leagues in baseball. When he first got into a ruckus over this insurance loss he took after the insurance companies in an acid article in *Sporting News*.

Mercury and Sun admitted liability for one-quarter of the amount of the loss owning that there was \$40,000 insurance in effect at the time of the loss.

The court held that there was not any insurance of the property by Rhode Island. Referring to the letter written by an officer of Rhode Island prior to the receivership agreeing to assume pro rata liability, the court said that this agreement was under an agreement to which the insured were not parties. This could in no way affect the rights of the insured or the insurer's obligation to them under its policy. This was another contract and if it is enforceable the right to enforce it still rests with Mercury and Sun.

Mercury and Sun argued that since Rhode Island made no refund of any portion of the premium, it waived the prohibition against other insurance. The court said on this that the policy was not forfeited and, while it was not in force as to this loss, it continued, by its terms, to insure as excess insurance property not damaged and also continue to cover other risks not covered by the Mercury and Sun policies.

Expect 1953 Fire Losses To Reach Record \$1 Billion

Fire losses in the United States in 1953 are expected to reach \$1 billion, the National Board has stated. Lewis A. Vincent, general manager, in an announcement in connection with Fire Prevention Week, said losses so far are averaging \$70 million a month.

Many \$10 Insurers Hatch in Missouri

A number of recently organized companies in Missouri have gotten in under the code provision that permits formation of farm mutuals by merely filing a copy of a constitution and by-laws and the payment of \$10 to the secretary of state. No capital or surplus is required and these companies are specifically exempt from supervision of the insurance department as well as from the Missouri fire rating statutes. The statutes are silent as to the extent of the regulation by the secretary of state. In the past some of these companies have gotten into the field of automobile liability insurance. A year or so ago, Lincoln Mutual Fire was cited for writing auto liability and they were estopped from issuing such contracts.

Among the newest crop of such companies are United Mutual Automobile and Midwestern Mutual Automobile. Among the incorporators is R. E. Lawrie. He has Insurance Research Service, Inc. at Kansas City, which advertises as constituting a Lloyds market for hard-to-place business. He gives the address in the incorporation filing as 234 West 53rd terrace, Kansas City.

One of the incorporators of another of this latest group of companies, which is called Jackson Mutual, is Bernard L. Cohen, Dierks building, Kansas City. Mr. Cohen until about a year ago was chief legal counsel for the Missouri insurance department. He is now a Kansas City attorney.

Incorporator of another one of these companies is listed as Harrison Norton. He is an attorney who returned to Kansas City a year or two ago from several years with FBI. He is a son of E. H. Norton, chief examiner for the Missouri department.

The other companies in the latest delivery are Farmers National Fire, Room 820, 12th and Walnut street building, Kansas City, incorporators being Vaughn V. Moore, Bernice G. Moore, Clark E. Moore, all of 4225 Hampton avenue, St. Louis. Then there is Security National Fire with Vaughn Moore and Bernice Moore as incorporators plus Helen Benditz.

There is a U. S. Mutual in the Dierks building, Kansas City, with Chester B. Kaplan, Dorothy Kaplan and Ben Medoff as incorporators. The Kaplans are also among the incorporators of Jackson Mutual.

Mo. Department Reports

Superintendent Leggett of Missouri in his 1952 report states there are 116 domestic companies and 614 foreign and alien insurers under department supervision. Last year the department issued approximately 28,500 agents' licenses for fire, 2,000 for reciprocals, and 18,000 for casualty.

Premium taxes in 1952 amounted to \$8,536,873, an increase of \$804,695. Department expenses during the year were \$161,707 as compared with \$168,180 in 1951. Thus the department operates on less than 1.8% of the total amount of premium taxes collected.

Casualty Exams in Vt.

Applicants for casualty licenses have now come under the written examination requirement in Vermont, previously limited to life aspirants, and later extended to those seeking A.&H. and fire licenses.

Donald B. Pillsbury, burglary manager of National Bureau of Casualty Underwriters, discussed the burglary sections of the 3-D policy at a meeting of Burglary & Glass Assn. of New York, Sept. 29.

Fire and Casualty Insurance

COMMENTS - TRENDS - OBSERVATIONS

Business Examines Organizations and Searches for Their Future Role

BY KENNETH O. FORCE
PART II

Why have trade associations in the insurance business at all? They are frequently subject to criticism, and this is a little sharper currently than it used to be.

It is said they are formed to aid in the business in certain respects and then develop inertia and become a retarding influence. A company (or agent) may learn to rely upon them too much for the protection or guidance that individual management should provide. They stultify initiative and the development of companies and company executives, it is charged. They spend too much time keeping themselves in business, or they are there to smooth things out. They do not move quickly enough to keep up with modern conditions.

Perhaps one of the easiest criticisms of such organizations in fire and casualty insurance is that they are not adequately staffed. But that is a criticism from outside the business and may sound like heresy. It is based on observations of able men who are thoroughly aware of how many good staff members it takes for an organization to accomplish any worthwhile purpose. There may be too many organizations, or there may not be, but certainly those that are generally regarded as essential do not have enough staff to make their work effective.

This observation is accompanied by another, that too many executives and junior executives of insurers are spending too much time doing association detail work that ought to be left to association staffs to accomplish.

Another comment is that executives don't make decisions; they go to committee meetings and make compromises. There is undoubtedly some truth in this observation.

This doesn't mean that there shouldn't be committees, though maybe not quite so many, of company executives to make decisions (and rating bureaus do need technical committees composed of company people). What it does mean is that such committees should not spend literally months of each year working up detail. They should spend a good deal less than that and spend what they do reviewing the facts gathered by organization staff and making the final determinations. If the issues are important, the highest available executives should make them.

If this were done, company men could spend more time on the affairs of their own companies, which undoubtedly need them, such as getting more business; handling business to the greater success and saving of the company and to the greater satisfaction of the producer and insured; per-

fecting administrative procedures, and perhaps even getting out more with the agents on whom the company relies for business.

Committee membership could continue to mean prestige and kudos for the individual member in and out of his own company. He would continue to wear this badge of merit, this arrow pointing to advancement, increased salary and recognition of other kinds.

All the committee member would be giving up is detail work which staffs are trained to handle expertly—staffs of technicians who can gather and process the facts in accord with committee purposes. He can learn to make decisions more rapidly and in the meantime devote more attention to his own company's affairs.

The result might be to speed up organization action. Let the facts accomplish much of the accommodation of widely divergent views of members. This has been done on enough occasions to show that it can be done.

The insurance people themselves deplore the tendency to make decisions on inadequate data. The attitude seems to be, when the time comes to make a decision, that the information needed and not available is too expensive to gather, or it will take too much time to get. It is true, if companies wait till they absolutely need the data before they start gathering and interpreting it, it is too expensive and it will take too much time.

But with a good manager and an adequate staff which is there for the purpose of collecting information a-

head of its need, decisions would be made on adequate facts. Facts themselves would produce unanimity on many an issue that is today not resolved on some other basis. There are questions of import in fire and casualty that have gone unanswered for years.

Associations do have to accommodate widely divergent views of members and come up with a compromise. This takes a lot longer than it does for an independent company moving on its own for its own account only, and the result is less clear cut and (to many) not so satisfactory. But wouldn't this defect be partly cured by adequate staff work in advance of final decision making?

Another result could be a better product, it is suggested, one perhaps better than the specialty, independent insurer, working alone, can come up with, ex-price. This is the one thing the specialty, independent companies indicate they fear—judging from their keen and constant interest in what is going on in the organization insurance world.

It must be said that organizations are not always responsible for all of the faults ascribed to them. They, too, get stultified, hamstrung, sidetracked, hung up, delayed, and frustrated.

An outsider might ask why, in view of organization weaknesses in the business, every company isn't independent, pursuing its own course in form and rate?

The answer is, of course, that chaos would result. The public wouldn't know what it was buying or what it had after it bought it. The commissioners couldn't supply the direction such a situation would demand.

Associations and their member companies long have contended that they

(CONTINUED ON PAGE 48)

Stackhouse Gives Sales Hints to Farm Agents

Dean Stackhouse, farm and hall manager of Crum & Forster at Freeport, in addressing the convention of North Dakota Assn. of Insurance Agents, urged the agents to get sales minded on farm insurance. He said a farmer will buy a new automobile and immediately will want insurance that will cost him from \$50 to \$100, that he will buy a tractor for the same amount and needs insurance just as much for a cost of only about \$15 for the first year and yet may not be solicited to buy. The premium would be \$15.60 for the first year and 78% of that for the next four years. If the insured borrowed \$1,500 to pay for this, the interest on the loan would buy six years of insurance on the tractor. He said agents should be suggestive in their selling.

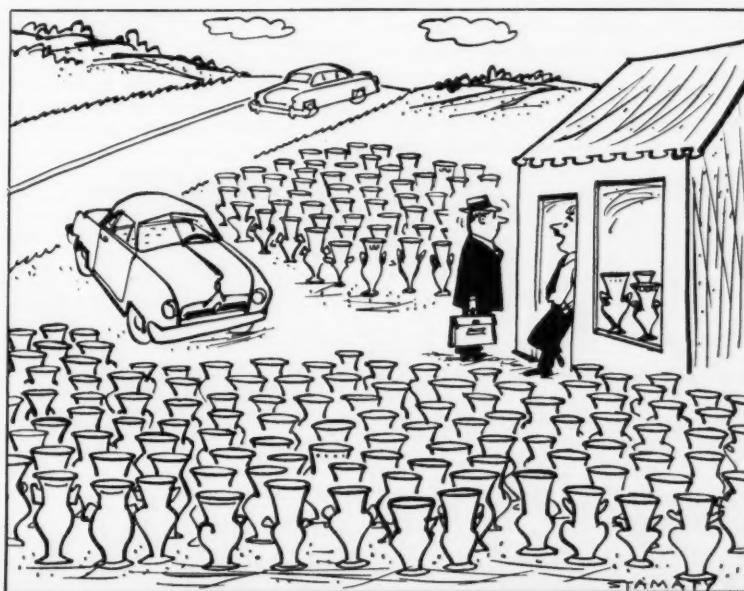
There is a great market for farmers' comprehensive public liability, he said. Only about 25% of the farmers now have this. The agents should take advantage of the seasonal opportunities. For instance in the winter during the farmers' slack time, it is easier to talk insurance to him, and to analyze and survey his needs. In the spring and summer he should be approached for hail insurance on growing crops.

Non-Concurrence Problems in Offing at Miami

Insurance people have been noting the progress of the various hurricanes at sea during this season and have so far been able to note with relief that they have either not reached the shore or, if so, have not caused insurance damage of any consequence. Some are predicting that when the next hurricane hits the Miami region there will be a lot of new loss adjusting problems involved due to the fact that since the last hurricane experience there have been changes in the form and hence many non-concurrent features are present. It will not be until 1955 that all policies there will be on a concurrent basis. For instance, some of the policies on the hotels are on a \$100 deductible basis while others, of course, are on the new 2% deductible basis. And then there are some special deals where the deductible is 2% of the value of the property. There are some policies covering on outside paint while others with the new forms exclude such coverage. Then there are policies covering outdoor equipment and policies that do not cover such property.

F.U.A.P. Courses at L. A.

Fire Underwriters Assn. of the Pacific is presenting two courses for insurance men at Los Angeles, one on public speaking and the other a beginners course. Instructors for the latter will be Arne J. Ulvila, London Assurance; John D. Adair, Founders; Marshall Rankin, Aetna; Philip F. Kingsley, Fireman's Fund; H. M. San-Guineti, Travelers; J. J. Crowley, U.S.F.&G.



"SURE, - I WANT LOTS OF INSURANCE, CARE TO BARTER?"

EDITORIAL COMMENT

Compulsory Auto Issue Is Joined

Whatever else may be said of Superintendent Bohlinger's declaration for compulsory automobile insurance at New York insurance day, he put the arguments clearly and unequivocally. This is the first time that the department has publicly stated its position and gone over all the ground in detail.

The talk makes plain (what no one doubted) that the Dewey administration in New York is going down the road for compulsory in the next legislature. The announcement is made well in advance. The business, those parts of it that are opposed to compulsory, can be in no doubt as to what the issues are.

The plaintiff's brief is in; it is now up to the defendants to answer.

It is clear also, from the prompt editorial applause from the New York Times, what at least a substantial part of the newspaper reaction is going to be to the compulsory issue. The Times called Mr. Bohlinger's speech strong and courageous, his arguments logical, complete and unanswerable.

"It is certainly one of the legislative oddities of our time that, with an estimated 95% of all New York car owners insured—some of them by legal mandate—insurance men of all people should be leading the lobby that prevents passage of law to compel the remaining 5% to insure themselves or get off the roads," the Times comments. "This lobby defeated the public interest in the 1953 session. We hope that 1954 will be a different story."

The forthright delineation of the compulsory issue at this stage puts the matter up to the insurance business, which no longer can temporize and put off deciding what it is going to do and say. It won the 1953 fight, but it is clear that this victory did not settle the argument.

It is always a right of the defense to throw the spotlight on the weaknesses of the plaintiff's case. While Mr. Bohlinger in his I-Day talk put the case for compulsory as strongly and clearly as we have seen it presented anywhere, there are some very vital questions that the talk leaves unanswered. There should be little doubt left that New York can write a compulsory law that corrects many of what are regarded as errors or omissions of the Massachusetts law. The talk makes clear that to the state administration, compulsory is the direct answer to the problem of the uninsured motorist.

But of course compulsory is not the whole answer to the problem of the uninsured motorists. An assigned case or unsatisfied judgment fund, which are basically the same thing, still is necessary.

What else will take care of the out-of-state uninsured, the victim of the hit-and-run driver, and the victims of drivers who under compulsory would be on the road after their insurance was cancelled or had expired? Admittedly all of these problems added together do not total the present small total problem of the victim of the uninsured motorist. But they are still there and will have to be answered. The New York insurance department and the state administration, which are so strong for compulsory as the answer and so opposed to UJF, will still have an UJF, call it what they will.

Then there is the person who through his own negligence suffers a serious injury. He is not going to be reimbursed by anyone under a compulsory system, anymore than he is today. Who is going to pay for his economic loss? Unfortunately there is the implication that under compulsory he will be taken care of.

That implication is so strong that it is easy to see stretching beyond compulsory the shadow of a compensation plan. Beyond compulsory and compensation lies the shadow of a state fund that will write all automobile insurance.

It will be too bad if the public (along with newspapers) is left to believe that compulsory is the whole and wholly satisfactory answer to the issue of the uninsured motorist and his victims. It will be too bad if the insurance people don't see to it that the public understands all of the limitations of compulsory.

Unfortunately, yielding to compulsory yields more ground to political control and influence. This is inevitable, via compulsory. Outside the insurance business there is, of course, a difference of opinion as to whether this is a good or a bad thing.

This does not take into consideration, either, the inevitable reduction in commissions to agents under compulsory. Here, we think, Mr. Bohlinger is not, or should not be, surprised at opposition.

No one knows how much time, in this case, defendants have to answer the plaintiff's suit.

But, after Mr. Bohlinger's speech, it

is certainly going to have to be a good answer.

This is a big fight. All companies, all agents, country over, have a big stake

in it. No one knows the outcome, but every state in the union, and everyone in every state, is vitally concerned—to an extent that time will surely reveal.

PERSONAL SIDE OF THE BUSINESS

W. Stanley Kite, vice-president of Fire Association, is back at his desk following a four-month layoff caused by a serious automobile accident last April. He was still in a wheel chair at the time of his return, but he has been making steady progress and is now able to walk with the aid of crutches, and it is expected that he will be able to discard these shortly. He plans to attend the convention of Assn. of Casualty & Surety Executives at White Sulphur Springs.

Sidney C. Doolittle of Fidelity & Deposit is headed for the hospital in Baltimore for a hernia operation.

Schuyler Merritt, II, attorney and manager of Associated Reciprocal Exchanges, has been elected a director of Best Foods, Inc.

Thomas J. Manion, loss department manager of George F. Brown & Sons, Chicago agency, is on a five-week tour of England and the continent. While in London he will confer with the agency's Lloyds brokers, Joseph Hadley & Son.

Geoffrey Christian, vice-president and eastern division manager and a director of Northwestern Mutual Fire, was honored by his company on the completion of 40 years of service. In a ceremony at Chicago, Alfred Rode, vice-chairman and general counsel, presented Mr. Christian with a 40 year anniversary pin.

J. J. Jordan, assistant secretary New York State Assn. of Insurance Agents, Syracuse, is the father of a baby daughter.

The death of Gov. Dan McCarty of Florida puts an insurance agent, Senator **Charles Johns** of Starke, in the gubernatorial post. Florida has no lieutenant governor, the president of the senate—which post Mr. Johns has been occupying—automatically becoming governor on the death of the incumbent. During the most recent legislature, Mr. Johns left the rostrum to lead the fight on the floor of the senate for an agents qualification bill which contained a strong anti-coercion section.

James E. Sheehan, Jr., who has been appointed special agent in Wisconsin for Citizens of the Hartford group, is the son of James E. Sheehan who is and has been for many years special agent for Hartford Fire in Minnesota. Mr. Sheehan, Jr., reports to the northwestern department at Minneapolis.

His headquarters are at 312 East Wisconsin avenue, Milwaukee.

S. P. Rodgers, vice-president and secretary of Globe & Rutgers, has returned from a trip to Oklahoma, Chicago and Milwaukee. He just recently got back from an extensive South American visit.

Walter Sundstrom, the general manager in the west for Factory Insurance Assn., has been in Wesley Memorial hospital at Chicago for observation.

D. W. Merrill, who was elected new president of C.P.C.U. at the annual meeting recently at Philadelphia, will take over his new duties Jan. 1, 1954. Mr. Merrill is the principal partner of Thoms, Merrill & Co. agency of South Orange, N. J. He has served a year as vice-president of the American Society and for three years as a director. He is a past president of the New Jersey chapter, and has been a lecturer in C.P.C.U. courses. Mr. Merrill got his designation in 1947.



D. W. Merrill

DEATHS

JAMES H. TODD, 60, former vice-president of Edward Brown & Sons and since that firm was taken over by Cravens, Dargan & Co. a marine insurance executive of the latter organization, died at San Francisco. Before entering insurance he had been an executive of a large shipping company.

EZRA L. MITCHELL, 67, special agent of National Board at Dallas, died after a long illness. He joined the board in 1930.

WILSON W. LEEMAN, 35, Milwaukee, special agent of American Casualty for the past three years, died at Wisconsin General Hospital at Madison following an operation. He was formerly with the Loyalty group for five years and before that with Travelers.

WILLIAM D. PHOENIX, 58, a veteran of nearly 40 years in the insurance company ranks, died of a heart

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SAN FRANCISCO 4, CAL.—507 Flatiron Bldg., Tel. Eyebrook 2-3054. F. W. Bland, Pacific Coast Manager.

attack at his home in Denver. Mr. Phoenix had been Rocky Mountain state agent for Scottish Union group since 1942. He started his insurance career with Mountain States Inspection Bureau in 1914, then in 1917 went with Continental as special agent in the mountain territory. He joined Royal-Liverpool group in 1926 as state agent.

HAROLD L. DEARBORN, 69, who retired in 1951 as an executive officer of Bartholomay & Clarkson class I agency of Chicago, died at San Mateo, Cal.

Mr. Dearborn started his insurance career as an engineer with the Chicago Board in 1908 after graduating from the University of Wisconsin. In 1912 he went with William Bartholomay, who at that time was a broker at Chicago for Liverpool & London & Globe, as an engineer. He became an officer of the agency in 1937.

One of Mr. Dearborn's sons, James H. Dearborn, is with Royal-Liverpool group in California in the aviation department.

GEORGE B. BUTLER, life insurance commissioner of Texas, and chairman of the board of insurance commissioners of that state, died Monday at Scott-White hospital at Temple, Tex. He was vice-president of National Assn. of Insurance Commissioners and in the normal course would have become the president at the annual meeting next June. This means that Donald Knowlton of New Hampshire who is chairman of the executive committee, becomes next in line for the N.A.I.C. presidency.

Mr. Butler was in the hospital for some time with a slipped disc and there was no indication that he was in critical condition. Friends who heard from him lately said he intended to curtail his activities but did plan to attend the N.A.I.C. convention at Miami in late November. His age was about 48. He was serving his second six-year term as commissioner and had been in office since 1945. His home was at Bryan and he had been a member of the legislature 1933-36 and had served in several state governmental positions. He was an attorney and at one time represented the independent telephone companies of Texas.

MRS. CYRUS K. DREW, widow of the veteran insurance journal publisher who for many years put out the old *Insurance Report* of Denver, later consolidated with the *Pacific Underwriter* of San Francisco as the *Western Underwriter*, is dead. She was widely known in the insurance business.

THOMAS J. MCGEE, the venerable Kansas City local agent, died at the age of 94. His agency is Thomas McGee & Sons. He formed the agency of Corrigan, Madden & McGee in 1910 and two years later this became Corrigan & McGee, and in 1916, the present title was taken. He was a director of Central Surety.



Thomas J. McGee

Mr. McGee had been confined to his home as a result of a fall since 1951. Before that he had continued to take an active interest in the agency.

Mr. McGee went to Kansas City in 1881 because he was offered a job as a clerk in the old Lindell hotel. He was from Brighton, Mass. He had an infectious personality and made friends on all sides. He became a protege of Edward J. Corrigan and Bernard Corrigan who were important contractors in the southwest. Bernard Corrigan hired Mr. McGee as his assistant when he became secretary of the fair grounds in Harlem. He promoted expositions and races. Later Mr. McGee became secretary to the board of police commissioners and that started him on his road to becoming a Democratic party leader. In 1895 Mr. McGee became personal assistant to Ed Corrigan who had interest in race tracks in Chicago, New Orleans and San Francisco. Mr. McGee became a prominent figure at race tracks throughout the country. He and Mr. Corrigan were in England following racing for some time. In 1909 Mr. McGee became head of the claims department of the Kansas City Street Railway when Bernard Corrigan was president of that utility.

In 1939 Mr. McGee founded Old American Ins. Co. which is a life and A. & H. insurer operating mainly by mail.

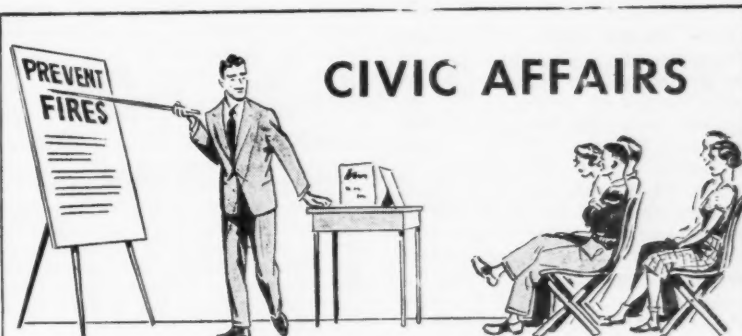
Thomas McGee's three sons, all of whom are identified with the agency are Joseph, Frank and Louis. Then there is Joseph McGee, Jr. who is in the agency.

Besides the three sons are three daughters, 24 grandchildren and 20 great-grandchildren.

LEO T. PHALEN, secretary of California Inspection Rating Bureau, died.

CHARLES E. VARLEY, former assistant manager in the western department of Springfield F.&M. who had

(CONTINUED ON PAGE 53)



About a week ago a group of students from the local high school called on me and requested that I help them organize a fire prevention campaign. In need of proper material, I called the Pawtucket Fieldman and he left me enough to conduct a dozen! Fire prevention in the home—fire prevention in the factory—fire prevention in school—fire prevention in our forests. I have always found Pawtucket Mutual anxious to help in local civic affairs because the prestige of the agent is increased and, as the old adage goes, "an ounce of prevention is worth a pound of cure."

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Auto Problems Occupy N. D. Agents

North Dakota Assn. of Insurance Agents wound up its annual convention at Fargo last week by electing James Purdon of Lisbon as the new president. Evan Lips, Bismarck, is vice-president; William Warner, Fargo, secretary-treasurer, and Charles A. Dawson, Fargo, state national director.

The meeting was well attended, and attention was focused on the new automobile classification plan of National Bureau of Casualty Underwriters. The agents offered criticism on the grounds that the plan was a year or more late in reaching them, while over that time they suffered tremendous losses in premiums to non-bureau companies. A resolution was adopted requesting the bureau to establish regional offices throughout the country which could recognize local rate problems and have the power to act promptly to remedy these situations.

The North Dakota agents wanting to get on the ballot a referendum changing the monopolistic workmen's compensation law so that the private insurers can compete and the employers will have their choice of insurance or the state fund, directed the executive board to take steps to accomplish this.

Sylvan Leipsic, president of Winnipeg Assn. of Insurance Agents, drew a good deal of attention with his talk on government sponsored insurance in Canada as a competitive factor. Mr. Leipsic commented that the government insurance, which occasionally is operated through local agents, had had a commission reduction, and this was followed by a reduction in commissions on the part of the companies. Canadian agents are facing a serious problem in paying expenses on this reduced commission scale, Mr. Leipsic said. He was highly critical of the companies for what he said are their repeated attempts to make up losses by cutting commissions.

The companies as a whole have failed miserably, Mr. Leipsic said, in solving the auto casualty problem. "I can't understand why companies so accident prevention minded in the boiler field, in the fire field, in the

elevator and public liability fields, have been so negligent in the automobile field, which is the largest premium producer and in just recent years has produced an unfavorable loss ratio," he declared.

Houston-American, New Texas Multiple Line Insurer, Holds Opening Ceremonies

Houston-American Ins. Co., the new multiple line company organized by Houston-American Life Underwriters, held official opening ceremonies this week at Houston. The ceremonies were a preliminary to the actual writing of business.

The company has paid-in capital and surplus of \$500,000. Initially it will concentrate activities in south Texas, with plans for later expansion to other southern and mid-western states. It will operate exclusively through local and general agencies.

The principal officers are Mark V. Enright, president of Houston-American Life Underwriters, president; Walker Jordan, executive vice-president, and Rolan C. Kennell, vice-president and manager.

W.C. Minn. Buyers' Topic

Compensation insurance rate-making was the topic at the first fall meeting of Insurance Buyers Assn. of Minn. at Minneapolis. Victor Lowe, new general manager of Minnesota Compensation Rating Bureau, and his assistant, William Bailey, gave a short summary of the activities of the rating bureau and explained how they are coordinated with the National Council and with Minnesota Compensation Insurance Board. There was an informal question and answer period on the pension rate situation in Minnesota.

Two New Preferred V.P.s

Preferred of Grand Rapids has appointed Theodore Bouwkamp as vice-president and director of agencies. He has been with the company for six years, for the past two as superintendent of agencies.

Steg J. Lignell, general counsel, who has been with Preferred for 14 years, has been appointed a vice-president.

Western American Corp. general agency of Reno and Los Vegas, has been named general agents in Utah for Utah Home Fire.

Gardner National Surety Coast Head

N. P. Gardner, Jr., has been appointed manager of the Pacific department of National Surety with headquarters at San Francisco.

Myron C. Higby of Los Angeles has been named surety manager there and he will also continue to function as Los Angeles manager.

William A. Gray, branch manager at St. Louis, has been appointed surety manager at the head office succeeding Mr. Gardner. William C. Casey, assistant manager at St. Louis, has been promoted to branch manager there.

\$1,200,000 Probate Bond

Hartford Accident, through its Los Angeles office, has written a probate bond for \$1,200,000 for Harry P. Patton and Security-First National Bank of Los Angeles, as co-executors of the estate of Arthur J. Patton of Los Angeles. This is one of the largest probate bonds written there for a number of years.

Dallas Veterans Honored

Four stock fire insurance veterans in Dallas, each with more than 40 years of service, were honored at the first joint meeting and banquet of North Texas Field Club, Texas Blue Goose and Dallas Assn. of Insurance Agents. They were C. R. Burton and C. B. O'Beirne, recording agents since 1904 and 1907, respectively; R. Sidney Graham of Gross R. Scruggs & Co. general agency, an insurance man for 49 years, and M. G. Jarreau, now retired but for 51 years prominent in the Texas field.

Raffetto to Guarantee

Robert C. Raffetto has joined Guarantee of Los Angeles as manager of the home office underwriting department. Previously he was superintendent of casualty underwriting of New England Ins. Co. at the head office, and before that was with National Surety.

Willis E. Walton has been appointed Indianapolis manager of Guarantee. He has been a Guarantee man since 1948.

Big Education Meet in Md.

Maryland Assn. of Insurance Agents has completed a successful educational

seminar at Ocean City which covered office personnel problems, credits and collections, farm coverage, selling ideas, and competition. Each session ran for one hour and 15 minutes, the moderator spending the first part outlining his topic, with an hour devoted to questions from the floor and the relation of personal experiences.

N. M. Agents Press for Commissions on Assignment

The New Mexico agents are asking for commissions on assigned workmen's compensation risks. A resolution to this end was adopted at the recent New Mexico agents convention. It is understood that Commissioner Apodaca is interested in the matter because he would like to see the New Mexico insured get needed agency service and follow through.

Brown Names Sanderson

George F. Brown & Sons agency of Chicago has named John A. Sanderson as special agent. He takes over some of the duties that have been handled by John C. Hickox, who remains as supervisor of agency production and will devote more time to promotion of Interstate Fire & Casualty, for which Brown & Sons are underwriting managers.

Mr. Sanderson started in insurance in 1939 with Royal, and after service in the air force during the war he went into the textile industry. In 1951 he joined Newhouse & Hawley, becoming special agent and aviation underwriter.

Buffalo Club Elects

Robert C. McPherson has been elected president of Insurance Club of Buffalo. He succeeds Robert P. Lentz, Jr. Vice-president is Raymond G. Christ; secretary, Mrs. Lorraine H. Bristow, and treasurer, David G. Prescott.

Union Re Enters Texas

Union Reinsurance of Switzerland has been admitted to Texas.

Protection Mutual Fire of Chicago has been admitted to Ohio.

At a meeting of Insurance Women of Blair County at Altoona, Pa., Paul Fox of the Middle Department Rating Assn. discussed new insurance forms.

Oregon Fire Underwriters Assn. will inspect Tillamook Oct. 7.

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N. H. Agents Name De Meritt President

NEWCASTLE, N. H.—New Hampshire Assn. of Insurance Agents elected John W. DeMeritt of Exeter as president at its annual meeting here. He was for many years secretary of the association.

T. Winston Keating of Claremont was named 1st vice-president; Edward G. Robinson, Lancaster, 2nd vice-presi-



J. W. DeMeritt



Archie M. Slawsby

dent; Robert F. Babcock, Keene, state national director, and Lloyd E. Greer, Manchester, executive secretary.

Edward J. Seymour, vice-president of N.A.I.A., was the principal speaker at the banquet with Gov. Hugh Gregg a special guest. Other convention speakers were Clifford W. Burnham of Hartford Fire and Hugh D. Combs of the U. S. F. & G.

Archie M. Slawsby of Nashua, retiring president, heads the executive committee, which includes Seth A. Lamson, New London; Charles E. Bilodeau, Berlin; Timothy F. Landrean, Manchester; Edgar R. Caron, Nashua; Fredrick J. Griffin, Manchester, and Raymond F. Blake, Portsmouth.

President Slawsby deplored the "let's follow the other guy" attitude of National Bureau of Casualty Underwriters. Agent Seth A. Lamson of New London and Special Agent Edward J. Boyle of Phoenix of London received citations for their contributions toward furthering the American agency system. Ted Butler, Portsmouth, was selected as the agent attending the convention who most nearly represented the average agent of N. H.

A resolution was adopted opposing direct collection of assigned risk premiums by companies. Another resolution reaffirmed the association's opposition to a deductible clause on E.C. 4. It was understood that a new filing had been made or soon would be made which would considerably increase the full coverage rate, and at the same time it was disclosed that the companies are considering elimination of T.V. antennas at any rate. The meeting felt that exclusion of T.V. antennas after a rate increase was not warranted and would be very poor public relations. A committee is to be appointed to confer with Commissioner Knowlton on the subject.

The companies were urged to adopt the one-write policy in New Hampshire whether the New York standard policy of 1943 is adopted or not.

Deputy Commissioner Simon Sheldon spoke against classification plans for automobile liability insurance.

New Hampshire Insurance Women's League meeting at the same time, elected Mrs. Jean Wentworth of Rochester as president, succeeding Miss Margaret McDonnell of Manchester; Mrs. Marion Ingalls, Keene, vice-presi-

dent; Miss Fernande G. Paris, Manchester, treasurer, and Miss Edna L. Clement, Laconia, secretary.

Utah Reverts to Old Fire Rates

Until a filing is made of data in support of higher fire insurance rates in Utah and a hearing is held and a new tariff approved, the rate schedule that was in effect prior to Sept. 1 will continue to be collected. Utah Fire Rating Bureau so notified the companies. At least this resolves a confused situation for the time being. A new rate schedule had been filed Aug. 20 to become effective Sept. 1. Among other things it provided for an increase of about 20% on mercantile buildings and Building Owners & Managers Assn. entered objection and just about that time Insurance Commissioner Louis M. Terry died, and the department of business regulation called upon the bureau to file supporting data. Then the question arose whether the rate schedule should become effective Sept. 1 or whether a new rating period began to run commencing when the supporting data was filed.

H. S. Morr, manager of the rating bureau, was quoted as saying that supporting data is not routinely offered with filings and he said that the new rate schedule would be refiled as soon as supporting data could be obtained and filed.

H. R. Kendall Celebrates 60th Insurance Year

Last week marked the anniversary of H. R. Kendall's 60th year in the insurance business. The present co-chairman of Washington National began his career at New Albany, Ind., as an agent for Prudential. At the age of 21 he became manager at Terre Haute, and then was promoted to manager at Louisville. Four other brothers also served with Prudential.

With his brother, George, Harry R. Kendall organized the company which now is Washington National. Since then, its assets have grown from \$517 to more than \$160 million. It now has more than 4,000 agents.

At an informal celebration, Mr. Kendall was presented with a thick volume of congratulatory messages from friends and insurance associates. Personal congratulations were extended by Mr. Kendall's brother, G. R. Kendall, chairman of the executive committee; R. J. Wetterlund, chairman; Paul Watt, president, and other home office executives.

Elkhart Board Elects

Elkhart (Ind.) Insurance Board has elected Harry C. Shultz, Shultz-Forney agency, president; Robert R. Thompson, St. Joseph Valley Bank, vice-president, and Charles D. Darling, secretary.


Another Wis. Cut in Offing

In response to an inquiry from a daily newspaper, Commissioner Lange of Wisconsin was quoted as saying that major fire insurance rate reductions are in order in several major property classes despite reductions that went into effect in September, 1950, and Jan. 1 of this year. The reduction would be justified on the basis of fire loss figures for the five-year period 1948-52, he said. In 1951, the overall loss ratio was 36.09 compared with 37.29 for the 1948-51 period.


Anchor Casualty has declared a dividend of 40 cents a share, payable Sept. 30.

125 PEOPLE ARE ALIVE...

With the assistance of the Association of Casualty and Surety Companies, a public service organization of capital stock insurance companies, the Governors of the 11 Northeastern states from Maine to Maryland this summer sponsored a "slow-down" campaign. Aimed particularly at vacationists and tourists, it has proved conclusively that law enforcement can control highway accidents. At toll gates, information centers, ferry slips, places of entry and other points throughout this 11-state area, more than 2 million motorists were handed a printed message, brief and friendly, urging observance of speed limits. The season's results are not yet known but figures for June and July show 125 fewer motor fatalities than in the same months of 1952. This worthwhile experiment should encourage other states to follow the example.



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N.A.I.A. Has Lively Washington Parley

Neumann Reviews Compulsory Threat, Especially in N. Y.

Called Bonus for Killing: Necessity for speedy, United Action Stressed

WASHINGTON—One of the chief topics of discussion at the annual convention of N.A.I.A. here was, of course, automobile business. Joseph A. Neumann, Jamaica, L. I., chairman of the N.A.I.A. special automobile insurance committee, dealt with the threat of compulsory auto insurance legislation, which is especially ominous right now in New York.

Compulsory for countless reasons is not the cure-all so blithely espoused by the politically expedient, he declared in his report to the state national directors. It is at best a bonus for killing. It legally establishes a price of a life.

The battle in New York goes on. He said he feared the companies would provide agents there with too few weapons too late, but now the insurers are moving on the problem. Industry members have met and a subcommittee met in New York this week to prepare a positive program that will meet the problem of the uncompensated innocent victim of auto accidents in the American way and in the public interest—no compulsion, no state fund, no loopholes.

However, certain forces within the industry threaten obstruction, he warned. Anything less than a positive approach will guarantee passage of compulsory in New York next January.

Any program should not reduce efforts on the causes of the problem, he said. Insurance men everywhere must continue to lead the fight against traffic accidents. Prevention and enforcement are paramount.

A constricted or restricted market can really play hob with industry public relations. In many places the market situation is better but in New York producers, particularly brokers, find no easing of the situation of the past two years. Recent assigned risk figures bear out the condition. In two weeks Pennsylvania had 376 new assigned risk applications, New York 4,806. No New York producer uses assignment except as a last resort. Increased limits are available in a few specialty companies, at double the manual rate plus \$50.

The companies have been giving serious study to specialty company competition since the first of the year, he said. This culminated in a 175-page report which contains some startling suggestions for combatting the direct merchandising methods in the auto insurance field.

N.A.I.A. representatives, in conference with National Bureau of Casualty Underwriters, were limited to expressing preference as to refinement of classification or merit rating, he reported. Believing that neither was truly price-competitive and that either imposed additional work, agents expressed preference for status quo,

(CONTINUED ON PAGE 32)

Agency Cost Study, Brought Out on Floor After Fight, Staggers N.A.I.A. Convention

Effort to Hold It Back Until Directors Could Review It Is Defeated

WASHINGTON—The fight to prevent publication of the cost findings of the agency management committee, at least until after the state national directors had had an opportunity to look them over, was lost at the opening meeting of the national board of state directors of N.A.I.A. here. By an overwhelming majority the state directors approved open and public presentation of the agency cost survey which Arthur L. Schwab of Staten Island and his committee have been conducting for many months in agencies over the country.

It long had been obvious that the cost survey is a controversial matter. At the midway meeting in Florida Washington state indicated its opposi-



Arthur W. Schwab



Eugene A. Toale

tion to the committee's delving into cost figures. Later Missouri and then Rhode Island expressed disapproval. But apparently the reasoning of President Walter M. Sheldon and Mr. Schwab, in addition to approval of publication by the executive committee, were convincing. As Mr. Sheldon

(CONTINUED ON PAGE 36)

Agents Sobered by Size of Subject, Number of Figures and Interpretation Required

WASHINGTON—When the agency cost study of N.A.I.A. was presented here Tuesday, after considerable debate as to whether it should be made public before the national board of state directors had a chance to give it the critical eye, agents were sobered by the size of the subject, the number of figures and the essential statistical interpretation that had to be supplied.

There were two sets of figures, one for agencies with less than \$100,000 of premiums per year and one for all the 64 agencies which were personally surveyed by the agency management committee, headed by Arthur L. Schwab of Staten Island, and the N.A.I.A. headquarters staff. If there was any general single impression created by the data it was that there are an awful lot of agents that earn very little money.

In fact, when the committee applied the statistic of a salary for the agency principal, many of the agencies showed a loss. Allowance of a salary was one of the important ways in which this survey differs from others in the same field. As other surveys have indicated, this one shows that about 60% of transactions in the agency are concerned with policies, about 40% with endorsements, changes, etc.

Premiums, commissions and expenses are broken down basically by policy and also by lines of business.

The committee found that the smaller the agency the more business it has in fire and automobile. Only the larger agencies, in general, develop good sized workmen's compensation and liability lines. In the under-\$100,000

(CONTINUED ON PAGE 36)

Compulsory Auto, Agency Cost Study Head the Agenda

E. J. Seymour Takes Over from Sheldon; Attendance Is 2,000

By KENNETH O. FORCE

WASHINGTON—This has been one of the most successful conventions, in many ways, of the 57 that National Assn. of Insurance Agents has held. The atmosphere of hospitality, created by an unusually large number of company and organization headquarters, the semi-southern air of that city, and remarkably fine weather, was pronounced.

Yet the administration and headquarters staff, working through a maze of detail enough to last a year under ordinary circumstances, set and maintained a crisp, balanced pace that has carried the convention through its largest and longest program smoothly and with great satisfaction to participants.

Walter M. Sheldon of Chicago closed out a successful year before turning the gavel over to E. J. Seymour of Monroe, La. Watching Mr. Seymour handle some of the sessions of the National Board of State Directors with good humor, an attractive southern accent and a firm hand for the business before the meeting, it was obvious that the association has an incoming administration ready to carry on the reputation of the last one for getting business done and issues threshed out.

Joseph A. Neumann of Jamaica, L. I., who has established a reputation for energy, judgment and tireless effort with his handling of the compulsory automobile legislation problem, was scheduled to move into the vice-presidential post.

There was one vacancy to be filled on the executive committee by election, one by appointment. Before this portion of the program took place, friends were supporting Louie E. Woodbury, Jr., of Wilmington, N. C., for reelection or appointment as his successful one-year term expired. Friends were interested in promoting Dave R. McKown of Oklahoma City, and friends were talking Arthur M. O'Connell of Cincinnati for an executive committee post.

Attendance was around 2,000, less than the advertised 2,500, but one of the high water marks for volume.

Among matters of real consequence on the program were the compulsory automobile problem and the agency cost study issue, both of which tended to get over into commissions. For example, figures were produced to show that the expense factor for four large specialty company writers of automobile—Farmers of L. A., Allstate, Farm Bureau and State Farm—is 40%. The expense factor for four large agency stock companies—Hartford, Aetna Casualty, Travelers Indemnity and U.S.-F.&G.—is almost identical, 40% plus according to the expense exhibit. What does commission then have to do with rating? it was asked.

The agent serves a part of the in-

(CONTINUED ON PAGE 36)

Gavel Passes From Chicago to Monroe, La.



E. J. Seymour, Monroe, La., new N.A.I.A. president; John F. Neville, secretary-counsel, and Walter M. Sheldon, Chicago, retiring president.

PORTRAIT OF PR

	1901	1921
FEDERAL INSURANCE COMPANY	Total Admitted Assets: \$1,588,748 Policyholders Surplus: \$1,074,021	Total Admitted Assets: \$5,523,723 Policyholders Surplus: \$2,065,860
UNITED STATES GUARANTEE COMPANY	Total Admitted Assets: \$524,159 Policyholders Surplus: \$437,940	Total Admitted Assets: \$1,784,396 Policyholders Surplus: \$1,082,682

The Chubb program of progressive growth anticipates your business needs

On July 1, 1953, when the merger of the United States Guarantee Company into the Federal Insurance Company became effective, Chubb & Son passed another important milestone in its 70-year history of insurance company management operations.

This merger of the Federal, a fire and marine company, and the Guarantee, a casualty and bonding company, was designed to create a single company with a greater diversification and spread of risk, one of even greater financial strength and competitive power, and to gain the benefit of certain economies and increased efficiency.

As a result the Federal Insurance Company now has total admitted assets substantially in excess of \$100,000,000 and a capital and surplus well in excess of \$50,000,000.

Since 1921, the two companies have always worked in close accord. Chubb & Son who has managed both companies will continue to manage the Federal Insurance Company. Under this management the traditions of the United States Guarantee Company will be preserved and the combined company will move forward with the advantage of increased financial strength and multiple line underwriting powers.

PROGRESS...

1952

Total Admitted Assets:
\$72,926,362
Policyholders Surplus:
\$34,284,208

Total Admitted Assets:
\$48,207,450
Policyholders Surplus:
\$25,668,156

FEDERAL INSURANCE COMPANY

into which has been merged

UNITED STATES GUARANTEE
COMPANY

July 1, 1953

Total Admitted Assets over \$100,000,000
Policyholders Surplus in excess of \$50,000,000

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Eyes Problem of Securing Union on National Issues

Sheldon Suggests Making National Board Sole Policy Making Body

WASHINGTON—Because of the apparent tendency of some states to repudiate or refuse to be bound by the action by members of NAIA in convention or by the national board of state directors, which is by the constitution the policy making body of NAIA, Walter M. Sheldon, Chicago, retiring president of NAIA, suggested delegating to the national board of more responsibilities and perhaps the making of it the sole policy making body of the association—with the proviso that the executive committee always have the power and authority to act in emergencies.

During the year, some state associations have advised the administration they do not desire agency cost studies made in their states; and five state associations have asked the NAIA's commissions committee not to represent them in the carrying out of its duties. In both cases the wishes of the state associations were observed, Mr. Sheldon stated.

He recognizes that NAIA is a federation of state associations. As long as regulation is at state level, the state association should be free to make its own decisions. However, among companies, more and more direction is being given to over-all policies at the national level. This, plus the need for meeting the threat of federal regulation, makes it necessary for NAIA to have its own structure so that it can meet situations arising from national sources and be able to produce a unified front in the interests of all members.

If the national board were made the sole policy making body, a further problem would be presented but it is certainly easier to solve. This problem would be the necessity of finding ways and means to get more members of the board to take an active interest in the discussions of matters before it. With the turnover there is in national board membership, he said, it is no wonder that a few lead in all debates and thus contribute to the impression that its members are rubber stamps.

He recommended that the practices committee of the national board, or some other appropriate committee, investigate and study the present constitutional provisions governing committee appointments. Possibly a staggered system could be developed which would require each incoming administration to make some committee appointments, but that would take from such administration the enormous burden of immediately appointing 111 committee members upon election. He noted that a staggered system had been in effect for members of the executive committee. Perhaps committee membership could be limited to six plus the chairman. It might also be proper to study ways to finance committee meetings so that all members of each committee would meet at least once a year.

In an organization like NAIA the only effective work possible is through

(CONTINUED ON PAGE 33)

Informal Forum Idea Explored by Far West Agents

Most of the discussion at the Far West Agents Conference of N.A.I.A. was devoted to organizational problems. Under Chairman Harold B. Larson of Portland, members discussed the possibility of operating without a constitution and by-laws, as most of the other conferences do, in an informal way and with the function of providing a forum for the exchange of ideas. Washington withdrew and is still out, although it sits in on the conference's effort to take action on issues.

H. K. Dent's new auto insurer also came in for discussion.

California won the W. H. Menn award for public relations activities. This is a conference award established by Mr. Menn for the far west states.

Rocky Mountain Group Stresses Auto PHD Rates

At the Rocky Mountain Agents Conference of N.A.I.A., members discussed automobile competition, bringing out the point that in that area the differential between agency stock companies and the specialty insurers is larger on the physical damage premium than on the bodily injury and property damage liability. E. G. Jackson of Laramie, Wyo., presided.

Secretaries Briefed on Educational Activities

WASHINGTON—Current information on educational activities of N.A.I.A. was given state and local association secretaries at a breakfast meeting presided over by E. F. Young, Charlotte, chairman of N.A.I.A.'s educational committee. Introduced at this meeting was T. J. McKernan, who recently joined the headquarters staff as assistant educational director.

Mr. McKernan discussed the newly revised automobile insurance course of the division, pointing out that the state of flux in which auto rating—particularly BI and PD—now finds itself makes coverage of this phase of the subject almost impossible in the course itself. This, he said, will be left up to the instructor until some stability is reached.

Another important development—recent adoption by National Assn. of Insurance Commissioners of the new uniform definition of marine insurance—has been responsible for postponement of an expected rewrite of N.A.I.A.'s inland marine course. This was announced by E. A. Toale, educational director.

L. D. Capretz, Austin, Minn., presented Mr. Toale a citation for his part in a recent insurance seminar conducted at University of Minnesota under the auspices of the Minnesota association, of which he is president. Mr. Capretz is a member of the N.A.I.A. educational committee.

committees. An organization can be no stronger than its committee makeup. NAIA committees now do a fine job, but there are a number of political problems constantly facing the officers

Correct Use of Auto Rate Plan Vital, Cahill Tells Southern Conference

The meeting of N.A.I.A. Southern Territorial Conference Monday morning was marked by a talk by James Cahill of National Bureau of Casualty Underwriters on the new classification plan in auto liability insurance. Louie Woodbury, Jr., of Wilmington, N. C., member of the executive committee, spoke about reduction in number of forms in the south.

Frank E. Kinzer was chairman of the conference, while Richard E. Brantley, Raleigh, N.C., served as secretary and submitted financial report as treasurer.

Mr. Cahill said the new classification plan must be put into effect by stages, so as not to be too disturbing. The wire news services, he said, had sent out garbled stories about the plan, which caused trouble for those revising the classification.

The bureau has met with producers' groups, he said, and another such meeting is scheduled for Oct. 14-15. The plan is not so refined as suggested some time ago. However, his bureau is willing to consider further changes.

"If we are to remain in the auto business and be competitive 'a refined class plan is necessary.' Otherwise, companies would go into a hopeless state of competition. The plan can be made to work, he declared.

The speaker took up the seven classes under the plan and gave reasons why they were proposed. He also read interpretations given out under the revised plan for such words or phrases as "customarily", "principal operator", "married person."

Referring to those who would have preferred a system of merit rating, Mr. Cahill said that subject "is not necessarily dead". It has great appeal to insurance buyers, he said, and, if adopted, will have as a primary purpose, the applying of "substantial penalty" to poor risk drivers.

A third subject under study is ways and means of reducing operating costs

of producing and handling auto liability business. He appealed to producers to "try to apply the new plan correctly" in states where it is in effect.

If this plan falls down, he predicted the auto business will have much worse headaches than in the past, under competitive conditions with special companies.

Giving a hasty review, Mr. Woodbury said the southern agents property insurance committee has been working towards reduction of the number of forms used from S.E.U.A. territory. He told of cooperative procedures between company men and agents in Pennsylvania to revise forms, etc. An agent said 242 forms are used in Georgia.

The speaker praised the N.A.I.A. booklet on State and Municipal Self Insurance and advised delegates to study it.

In discussion of a provision for minimum earned premium of \$7.50 per policy in S.E.U.A. territory, William Sampson, S.E.U.A. manager clarified it.

When the matter of the 15% rate deviation filing by Fireman's Fund in West Virginia was brought up, Mr. Woodbury expressed the belief that if a company files such deviation on certain class business, then the same rate should be applied to all companies.

The conference received a brief report by Vic Arthur, Winchester, Va., chairman legislative committee.

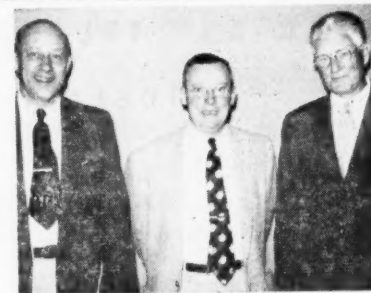
Frank McIntosh, Huntington, W. Va., chairman committee on 1954 convention, reported on selection of Biloxi, Miss., and extended an invitation to White Sulphur Springs for the 1955 convention.

Clant Seay, executive secretary of the Mississippi association, told of arrangements with respect to Biloxi.

J.L. Hernandez, state national director of Puerto Rico, introduced the delegation from that island.



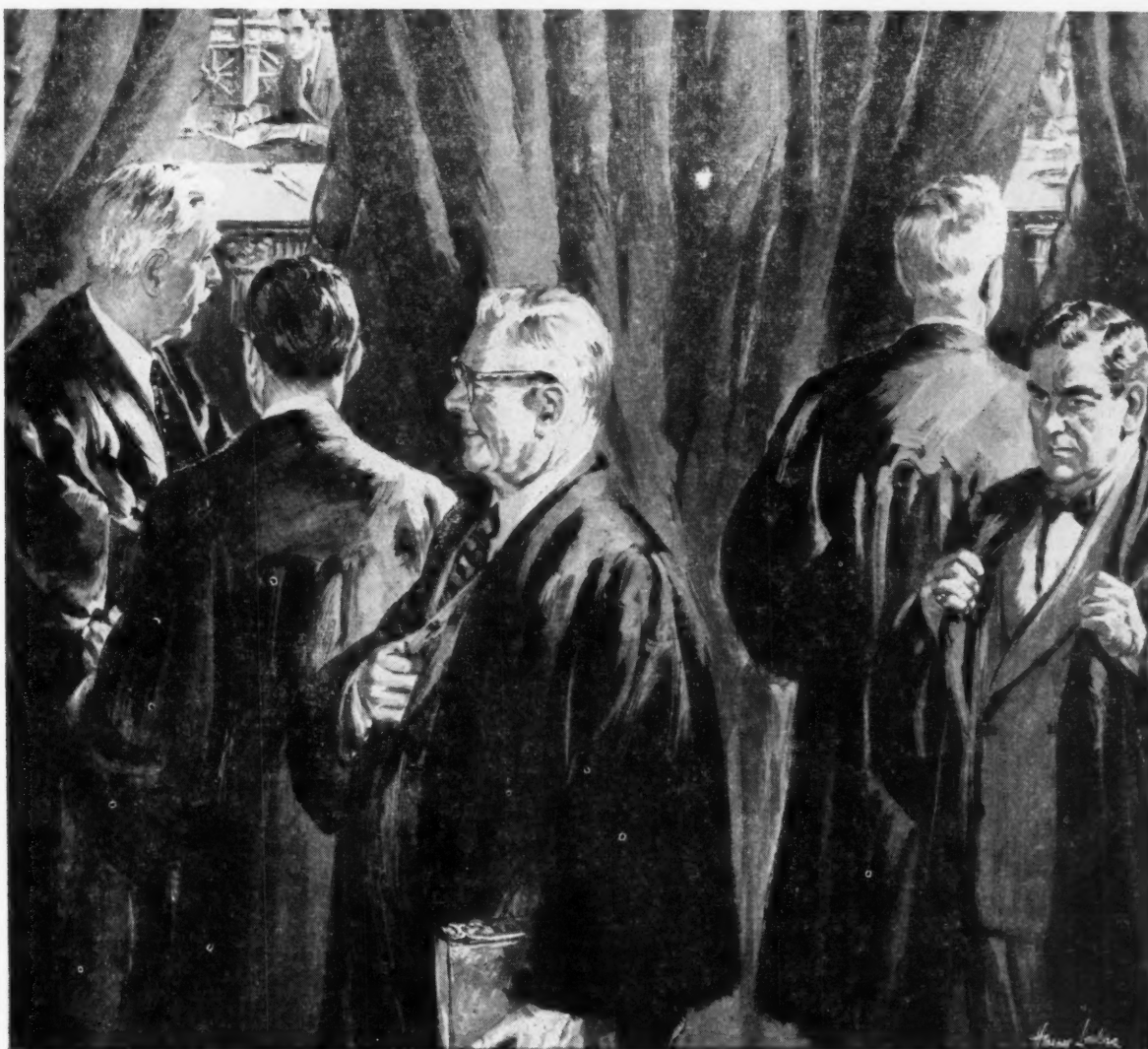
George C. Hughes, manager Rhode Island association, Michael A. Cain and Howard R. Chase, Jr., president of that group, all of Providence.



George Margraff (left) and Howard Coe (right) of Philadelphia with Harold C. Aulenbach, Reading, Pa., at N.A.I.A. convention.



W. H. Menn of Los Angeles, George O. Johnson of Oakland and Melvin J. Miller of Fort Worth, at N.A.I.A. in Washington.



NUMBER 5 OF A SERIES

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TRAFFIC, FIRE

Safety Sessions Full of Good Points for Civic Minded Agents

Agents are in a position through national, state and local associations to assist motor vehicle administrators in building strong public support for the latter's safety programs and efforts, Don McClaugherty of West Virginia, president American Assn. of Motor Vehicle Administrators, told the accident prevention meeting of NAIA. Continuing support of public officials responsible for traffic safety would vastly benefit the public and bring favorable public reaction to agents and their organizations.

He suggested that each state organization establish a committee to work with state officials, composed of agents located or closely adjacent to state capitals. The committees should obtain information on the problems of the officials, the need for new laws or amendments, need for funds, personnel and equipment, and the need for better housing and working conditions of the departments.

Agents daily come in contact with many persons who respect them and their opinions and they have prestige with members of the legislature. They should take the opportunity to discuss with legislators ways and means for traffic accident prevention.

This kind of service is urgently needed for enactment of adequate motor vehicle inspection laws in about 35 states, certificate of title and motor vehicle anti-theft laws in many states, and for centralizing all MV administrative functions in one responsible and competent state official. There are still many states in which some of the most important functions of the administrator are handled by county and

local officials, through whom it is often difficult to secure thorough safety work. Most of the states with the lowest accident and fatality records have centralized authority for administration of MV laws and regulations in one department and one official.

As an insurance buyer Mr. McClaugherty said agents have more responsibility to clients than just to find a company which will write a policy and then forget or ignore the client until he becomes involved in an accident. A sound concept of public service by the agent includes a consistent and constructive program of reminders to customers regarding the traffic problem and its hazards, a program that may be exerted as an individualized service of the agent to his client. This shows his interest and concern for his customers' welfare on the highways, he said.

Sidney E. Nelson of Racine, Wis., vice-chairman of the accident prevention committee, told the session he became interested in traffic schools several years ago when the local safety council was being graded for the work it was doing by National Safety Council. He learned that a local judge wanted to send traffic violations to a school but there was no statute to back him up.

Mr. Nelson set out to secure such legislation and with the cooperation of the Wisconsin association, judges, police departments and civic organizations, he got the bill through this year. He urged other state associations to make this one of their objectives for the coming year.

The traffic school is not used strictly as an enforcement agency but is principally an educational medium. A study of about 60 cities that are conducting such schools indicates that they run from one to five lessons, each one to two hours long, generally in the evening and generally with a capacity audience. The result is to awaken widespread community interest in

the accident problem and to build public support for an adequate program of enforcement.

Figures show conclusively that the traffic court is one of the best methods available to teach drivers the proper attitude and the responsibility they have to other persons; that it is a privilege to drive on the highways, not a right, and that the privilege should be withdrawn when they do not use good judgment. He emphasized the value of the refresher course for adult drivers of Assn. of Casualty & Surety Companies that is being used in Racine. In that city the name safety institute is being used instead of traffic safety school because of its more desirable connotation.

All the fire prevention material in the world will do very little good unless agents and brokers see to it that it is distributed properly, John J. O'Toole, St. Louis, chairman of the fire safety committee, told the NAIA fire safety session. Producers cannot expect direct and immediate results for such efforts, he pointed out.

He urged agents to get away from any fear of public reaction. If the agent was selfish, he would do nothing to avoid fires as the high loss ratio brings high premiums and larger commissions, he pointed out. Members of the public must pay for losses sustained. Make fire prevention a year around activity, he advised. Get behind civil defense activities, because civil defense and fire safety go hand in hand. Civil defense units have proved very helpful where tornadoes ravaged sections of the country this year.

Harry A. Pierson of Shawnee, Okla., urged support of the Department of Agriculture's fire safety program. If fire losses on the farm and in the country are to be materially reduced, agents are going to have to work with government agricultural agents, county farm

(CONTINUED ON PAGE 46)

Minister Receives Woodworth Trophy; Other Award Made

Harry T. Minister of Columbus, O., long time finance committee chairman of N.A.I.A. and a steady, stabilizing influence in its affairs, was designated as the recipient of the Woodworth Memorial trophy at the Washington convention.



Harry T. Minister

Hawaii won both the Bowen public relations award and the fire safety contest trophy. Evansville, Ind.; Los Angeles, Racine and Superior, Wis., and Grand Ledge, Mich., received the local awards presented by Assn. of Casualty & Surety Companies.

The Sparlin cup went to Florida and the Connecticut association's membership trophy to Missouri.

Tye Offers Tax Tips for Agency Operations

Major tax problems of insurance agents, with some recommendations on tax-saving features for use by the different types of agencies were given by Charles W. Tye, tax counsel of Royal-Liverpool group at the Tuesday morning general session of N.A.I.A. at Washington. Mr. Tye took up the problems confronting the one-man agency, the partnership and the corporation.

The one-man agency can take advantage of filing a joint return without the necessity of the wife becoming a partner, Mr. Tye said, recommending that agents time their expenses, for instance on an advertising campaign, so that the income resulting will fall in the same taxable period. A useful and inexpensive way to take advantage of tax reduction is to utilize the residence as an office, so that depreciation, repairs, light, heat, etc. can be tax deductible, at least for the space used for office.

A partnership, although not a separate tax paying legal entity under the income tax law, gives rise to one serious question, whether a partner may deduct an expense which he has individually incurred in connection with partnership business. The internal revenue bureau has blown hot and cold on this point, Mr. Tye said, sometimes taking the view that partnership funds must be used and in other cases conceding that expense could be deducted by the partner as business expense. There is a real danger of disallowance if personal funds are used, especially where the expenses may be partially personal, such as club dues, automobile expense or week-end entertainment. He suggested that all partnership expenses be paid for with partnership funds, with records reflecting such payments.

In a corporation, a close watch should be made on the possibility of shifting income in order to take advantage of tax rate changes, income brackets and offsetting credits. This is especially important where a tax rate reduction is anticipated. Deductions may be shifted from year to year. Care must be taken with expenses, he said.

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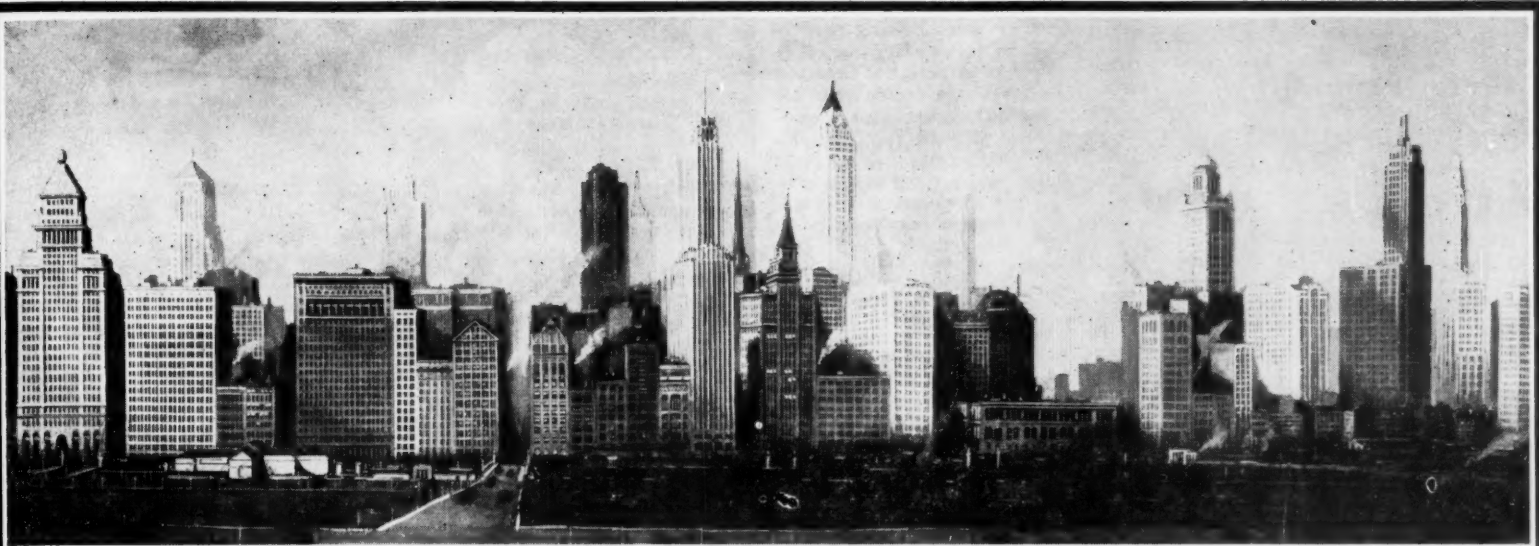
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THE WESTERN MANAGERS whose names appear on this page believe in and endorse the principles of the American Agency System and represent companies that, of course, offer only sound capital Stock insurance protection. Through their close contact with agents they offer their facilities and services in the proper conduct of the business, and through this medium send greetings to the National Association of Insurance Agents.

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Safety Session Provides Diet of Successful Ideas

WASHINGTON—Val Peterson, federal civil defense administrator, told N.A.I.A. that one of the worst barriers to civilian preparation for possible attack is lethargy. Insurance people, he said, are in a position to help erase procrastination because fire safety is an important part of the civil defense program and insurance men are grounded in this work.

Mr. Peterson, who cut short a European tour to address N.A.I.A., said even the most optimistic estimates of the military see only three out of ten bombers stopped if Russia should attack. The other seven craft could bring in enough atom bombs to attack virtually every important metropolitan center simultaneously. This, Mr. Peterson pointed out, should change the minds of the people who feel the military could stop any bombing attack and his group is reported by a reliable survey as comprising nearly 70% of our population.

A film prepared for the civil defense administration was shown for the first time after Mr. Peterson's talk. It demonstrated that good housekeeping and proper attention to things like keeping buildings painted and yards uncluttered can reduce the danger of fire following an atomic blast.

More and more local and state agents groups are taking an active role in promoting driving safety education. This was made clear at the session under the leadership of R. N. Morrill, Teaneck, N.J. Statistics on driver training schools throughout the country were presented by S. E. Nelson, Racine.

Local board programs were described by E. W. Johnson, Minneapolis, and S. E. Murphy, York, Pa. Everett

Biggs, Knoxville, discussed the statewide efforts for safer driving participated in by the Tennessee association.

Methods vary—in York, for example, there is a special safe driver plate for the front license bracket. This is presented to local drivers and with all available publicity-getting fan-fare to truck drivers with superior records. Minneapolis has cooperated with local schools to encourage participation in high school driver courses and has implemented this with adult driver sessions. Mr. Johnson said the Minneapolis board feels that at least as much attention must be given to attitude training as to actual mechanical operation.

All of the highway safety programs have met with full cooperation from other civic and public groups—though the speakers agreed there had been some indifference at first. In Tennessee, Mr. Biggs reported, Labor Day weekend highway fatalities were cut down measurably through safety campaigning.

Theo Hardy of Vicksburg, past state national director of Mississippi and long a faithful N.A.I.A. convention attendant, missed his first annual meeting in many years because of ill health.



Guy T. Warfield, Jr., of Baltimore; Mrs. Herbert Brewer and Mr. Brewer of Lockport, N. Y., at N.A.I.A.

Auto, Agency Costs Head N.A.I.A. Meeting Agenda

(CONTINUED FROM PAGE 25)

insurance function, on cost, it was brought out. It makes no difference whether this function is performed by salaried representatives, agents, or what. Also, the agency system gives the companies that use it the same advantage over the direct writer as the percentage lease gives the landlord as against the one with a fixed dollar amount lease, because the commission is a percentage and goes up and down with the dollar economy.

It was appropriate, considering the address of the meeting, that a number of government people appeared on the program, including Senator Ferguson of Michigan, Val Peterson of civil defense, and the insurance men with the various big departments.

At the Tuesday session of the board, W. O. Thomas of Birmingham presented a motion which called for the resolutions committee to present a resolution calling on the House ways and means committee to consider the problem of an amendment to the income tax law to permit, on a voluntary basis, payment by agents of taxes via the accrual route as well as by the means provided in the law now, when received.

He said some agents in his state are paying taxes on commissions as earned, with the blessings of the internal revenue bureau. The Alabama association asked Mr. Thomas to take the action he did before the N.A.I.A. board. In view of the increasing use of installment plans, this may not be as necessary as it once was. However, the Alabama association found that few agents with more than \$200,000 in premiums would change to the accrual base if they could, but the vast majority of the remaining, smaller agencies, are heartily in favor. Businesses paying premiums three to five years in advance cannot take a full deduction in one year but the agent has to account for the commission on it in a single year and pay taxes thereon.

The board sent congratulations to Florida's new local agent governor.

There was quite a parliamentary hassle in connection with a motion presented by Robert S. Preston of Providence. This dealt with designation of the surety by other than contractors, which, he indicated, is regarded as coercion. Many spoke on the matter, including J. Kenneth Cormack of Providence, who said the practice is increasing, especially on public works, hospitals, schools, etc. Mr. McKown, Ralph Neely of Oklahoma City; Victor O. Schinnerer, Washington, D. C.; Robert E. Battles of Los Angeles, Kenneth Ross of Arkansas City, H. W. Sargent of Seattle, W. R. Dunham of St. Louis. On motion of Robert Maxwell of Texarkana, the motion was tabled.

Milton W. Mays of Insurance Executives Assn., reported that his organization now has received from James B. Cullison, Jr., the latter's study of federal crop insurance. It will be distributed later.

Thomas N. Boate, manager of the accident prevention department of Assn. of Casualty & Surety Companies, presented his association's top national honors for effective traffic safety work to California Assn. of Insurance Agents and five local agents groups.

Insurance agents are assuming a larger role in highway safety work, Mr. Boate said in his presentation ad-

dress. Statewide, in big cities, and in grass roots communities, agents are among the most numerous and active workers in the front line ranks of safety, Mr. Boate declared.

Neumann Reviews Threat of Compulsory in N. Y.

(CONTINUED FROM PAGE 25)

which would avoid complicating further an already complicated condition. Agents believed that neither method would attain the desired objective, securing a larger share of the preferred classes of auto business.

However, now that the classification plan is in effect, he urged agents to give it an honest try.

At a second meeting with the bureau it was the unanimous opinion of the company committee that production cost allowance must be reduced. The chairman of the meeting admitted the companies had no preconceptions as to how this was to be brought about and asked for suggestions from producers.

Mr. Neumann warned of the dangers in an auto insurance price war. He rejected any plan of competition based on cuts in production cost allowance. The matter is far from ended. He earnestly recommended that N.A.I.A. stand united on this problem.

At a third meeting Oct. 14-15 ways and means are to be explored for reducing operation costs. He urged a firm stand against three obvious threats to the agency system—commission reduction, continuous policy and direct company billing.

The threat of the last two is very real.

Unless agents solve these auto problems their days are numbered, he declared.



Joseph A. Neumann of Jamaica, L. I., and Louie E. Woodbury, Jr., of Wilmington, N. C., at N.A.I.A. headquarters in Washington.



H. P. Almgren of Springfield, F. & M.; Mrs. C. H. Miller, Orlando, Fla., and Mr. Miller, at N.A.I.A. convention.

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C. F. Littlepage and A. W. Barthelmes of North America; G. E. Gillis of New Orleans, A. P. West of North America, and W. F. Colcock of New Orleans, at N.A.I.A. convention in Washington.



At Florida agents' headquarters during N.A.I.A. convention in Washington: J. L. Turner, Miami; T. C. Johnson, secretary Florida association, and M. D. Adams, Miami, past president of the Florida association.



At Fidelity & Deposit headquarters in Washington during N.A.I.A. convention: John C. Gardner of F. & D., R. S. Charlton of Lawrence, Kan., and Mrs. Charlton, and Donald L. Buckler of F. & D.

A group of Puerto Ricans at N.A.I.A. convention: Jose L. Hernandez, Ventura M. Morin, Alvaro Calderon, and Alfred Ortiz Jacobs, all of San Juan.



Sherman G. Otsot, manager North Carolina association, and his assistant, Richard S. Brantley, shown at N.A.I.A. convention with Deems Clifton of Clinton, president of the North Carolina association.



Robert Maxwell of Texarkana, Victor O. Schinnerer of Washington, the general convention chairman, and Paul C. Sackett of Albuquerque at N.A.I.A.

W. P. Welsh, Pasadena, past president of N.A.I.A.; N. A. Chrisman, Pikeville, Ky., and W. H. Menn, Los Angeles, in a lobby huddle during the Washington convention of N.A.I.A.



C. E. Freeman of Springfield F. & M.; Mrs. Hawkins, R. E. Wessendorf of Springfield, Chicago, and David A. Hawkins of Shelbyville, Mo., at N.A.I.A. convention.

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Agents Sobered by Size, Figures of Cost Study

(CONTINUED FROM PAGE 25)

agencies almost 45% of total premium volume is represented by automobile, almost 35% by fire and allied lines. For all size agencies these figures are 33 and 30 plus.

Mr. Schwab said he thought fire company people are unduly concerned about the fact that the study made of the John C. Stott agency at Norwich, N.Y., shows fire business unprofitable for the agent. This survey shows the same thing to some extent. But he pointed out that it depends on the type of agency operation. One featuring casualty operations is likely to show a loss on the fire line but in many agencies the fire lines are profitable.

The findings of the survey, Mr. Schwab said, indicate there is over-emphasis on whether the agency writes policies or the company does it for them. In many cases, the committee found, the agency has to do more work if the company writes the policy. It has to fill out an application, which contains the same amount or more information than the policy. It sends the application to the company and then waits, possibly three or four weeks, to get it back. When it gets back it is 30 to 40% erroneous and the agency makes the corrections. It has to bill for the policy. On renewal because of rate or other changes the policy has to be checked carefully by the agency and again the percentage of error may run 30 to 40%. Here again the agent must do the billing.

A surprising number of small agencies write their own policies, both fire and casualty, almost as large a percentage in fact as among larger agencies, the committee found.

Both A. & H. and bond business show a loss for all agencies in the aggregate. Excise and postoffice bonds bring down earnings in that field and A. & H. premiums run fairly small.

One of the clear indications of the survey is that the agency dealing very largely in small premium policies, and this would characterize many of the smaller agencies, earns very little money for its principal. Yet these agents work hard taking care of the business, so hard in fact that few of them can find time to devote to the development of new business. They are so small they cannot do much planning for agency continuation. The agency under \$100,000 devotes .8 of 1% of an employee to accounting and procedure, so that this phase of the agency operation, a favorite area for management improvement, offers meager opportunity for reducing expense.

The small agency that takes in small money has small expenses. One office paid \$12 a month rent. It was so small that when a customer came in to pay a premium or transact business, Mr.

Effort to Hold Cost Study for Directors Defeated

(CONTINUED FROM PAGE 25)

pointed out during the debate on the issue, it would be a practical impossibility to withhold the figures and findings of the committee from the press and the public once a body as large as the national board of state directors began to study and debate them. An executive session of the board, which was the specific point around which the issue was resolved, would not alter this fact.

Mr. Schwab pointed out that the survey has been widely publicized, so that to bury the report would lead to the implication that the agents had something to hide. Actually, he said, opponents of the survey almost forced the issue to the point that the survey had to be published to dispel this kind of thinking. Many in the business have stated that the states that withdrew from participation in the study had something to hide.

He noted that objection to the cost study boils down to one argument, that publication of average rates of commission will immediately result in pressure to reduce all present commissions above the average to the committee's average figures. But if companies are paying certain agencies a higher commission than others, certainly the companies already know they are doing it and any interested parties know it. The insurance expense exhibits filed with the New York department show the rates of commission paid countrywide by all companies doing business in New York. The averages there compare reasonably well with those of the committee but there are terrific differences between individual companies. Any company bent on reducing commissions to the average would use the figures in the expense exhibits.

The committee's figures are developed by dividing the net commission by the net premiums written and include such factors as premium discount assigned risk business. Factory Insurance Assn., out-of-state lines, brokers' lines, etc., and the actual commission the committee obtains may be well below the schedule of commissions.

Schwab and Eugene A. Toale of headquarters, who were conducting the survey, had to exit.

The largest agency in the survey had \$2,300,000 of premiums, the smallest \$11,000. All figures are on 1952 business.

One agency had a \$50,000 premium policy. The agent figured if his office spent two hours on a \$50 policy, it would have to spend 1,000 times that on the big one — and did, if worry counts.

There was not too much difference in salaries country-over, but there was between rents.



H. A. McKay of Travelers, E. R. Randall of Greenville, O., V. V. Roby of Travelers and C. H. Eichhorn, Columbus, O., at N.A.I.A. convention.

sions even in the office surveyed.

Certain factors, good or bad, have established the rates of commission in any agency office, he said. If those factors still obtain, publication of the committee's figures would not change the situation at all since the committee is telling what everyone concerned already knows and could have acted on before had they wished to do so. The study is concerned with expenses as well as income. Obviously an inefficient producer would produce less profit or a greater loss than an efficient producer, indicating that the inefficient producer should have more commission. The most efficient agencies do not always have the highest rates of commission.

The objection to publication without review by the board was put out by W. O. Thomas of Birmingham, Ala., who said directors should have a chance to study the findings before voting on whether to release them publicly.

T. K. Robinson of Memphis said agents were digging a pit for themselves and would fall in it if they weren't careful. They have publicized the survey widely. It certainly would be quite widely publicized that they weren't willing to show the figures but went to out behind the barn and took a peek at them first. Morton V. V. White of Allentown, Pa., said agents don't have anything to hide. Besides, the board couldn't possibly analyze the figures while in session.

Some changes in the duties of standing committees were voted, on motion of Kenneth Ross of Arkansas City, Kan. The fire safety committee's duties were enlarged to encourage and promote civil defense activities and assist the Civil Defense Administration. Because of the increasing interest in multiple peril and package policies, jurisdiction was clarified by placing them in the province of the property insur-

ance committee except for policies exclusively casualty. The duties of the casualty committee now will specifically exclude MP and package policies which provide any fire and allied lines coverage.

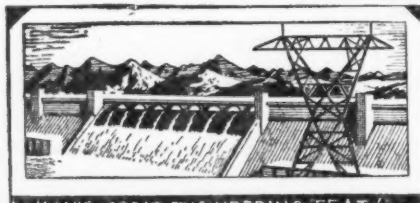
Mr. Sheldon reported on the federal reserve bank self-insurance plan proposal. He said as long as one of the banks opposes the plan it won't go into effect. He believes there is a chance to keep this insurance in regular channels but he suggested individual agents when they return home should work on the matter. The subject should be kept on the agenda of N.A.I.A. and the board, he suggested.

The recommendation of the fidelity and surety committee that N.A.I.A. take up with companies the matter of direct solicitation of bonds was referred to the resolutions committee.

Robert E. Battles of Los Angeles reported on the commissioners' meeting. Presence of N.A.I.A. representatives at N.A.I.C. meetings, he said, lets commissioners know that agents are a force in the business and are informed on the issues. Frequently if they are on hand, producers are called on to express their views during N.A.I.C. meetings, while the issues are in debate.

A motion was adopted recommending that the resolutions committee bring in a resolution expressing N.A.I.A. opposition to any model agents and brokers licensing and qualification measure. The commissioners would like to get the matter off their agenda, Mr. Battles thinks. There was some discussion on whether the resolution should incorporate N.A.I.A.'s reasons for opposing a model bill. Heretofore its position has been neither to support nor oppose it. N.A.I.A. opinion is that the matter lies with each state association. Besides, so-called model legislation would have to be average so that it would be less satisfactory than a good law, and in states that have legislation poorer than the average it would be impossible, it is said, to get even the average represented by any model bill. Several agents, including Charles Dawson of Fargo, N.D., Mr. White and Mr. Robinson, thought an explanation should go with the resolution to make clear that N.A.I.A. and state associations want such legislation, though not of the average, model variety. The matter was left up to the resolutions committee.

Mr. Battles pointed out that uniform accounting regulations tend to regulation of commissions and to further regulation of the business in general.



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Braddock Analyzes Problem of Big and Giant Size Liability Loss for Buyers

Before the second war, the large public liability claim was infrequent and fell in such a haphazard manner as to put the average insurance buyer in a quandary as to just what might be needed in his particular situation in the way of limits, Robert L. Braddock, executive vice-president of General Reinsurance, told the Philadelphia chapter of National Insurance Buyers Assn.

But since the end of the second war, the situation radically has altered. There was a stiff dose of inflation. He called attention to a recent suit by an entertainer for \$10 million as a result of injuries suffered in an airplane crash. The major part of her demand was reimbursement for loss of earning capacity. Even had the person been able to earn \$10 million in a period of disability, how much would have been retained after taxes? Of course, the claim was lost because of Warsaw convention values. But when the suit was in trial, Mr. Braddock heard people say they did not think the demand was excessive. This mental attitude on the part of many persons bears on how high liability limits should be.

Claims are made today in instances where 10 or 12 years ago the matter would have been dismissed by the claimant without a second thought.

A chemical company operated from 1901 until 1945 without having brought against it a products liability claim. In the two years starting with 1945 it made settlements or lost verdicts totaling nearly \$2 million. The psychology of its customers and third parties who came in contact with its operations had changed radically and an entirely new situation was created. The company had been operating in the same basic manner during its entire existence. It had not changed, but the climate in which it was operating had changed.

As a reinsurer, Mr. Braddock's company deals with the large or catastrophic loss. From these losses evolves a pattern.

The verdict or settlement between \$50,000 and \$200,000 is now a regular and frequent occurrence, he said. Losses between \$200,000 and \$500,000, still large enough to excite some comment, are not unheard of, and the loss of several million dollars has happened and can no longer be presented by precautions available to any business concern. Such losses are largely fortuitous. When he attempts to anticipate where the loss is likely to fall or out of what hazard created by the risk, the insurance buyer can really get into deep water.

Currently there is a loss involving several million dollars arising out of the sale of a few hundred pounds of a substance which was considered almost inert. No insurer could have attempted to place a premium charge for products liability on that particular product.

Some time ago a large airliner crashed and the ultimate cause was traced to the improper hardening of a wrist pin used in one of the engines. In theory, the airline, the manufacturer of the airplane, and the builder of the engine all had a sound subrogation claim against the manufacturer of the wrist pin.

The conclusion is that the limit of

liability, whatever it may be, should be blanket across all operations of the risk.

One fact stands out above all others in the review of large liability cases—none of them could happen. In nearly every case to a degree that is marked, an extremely peculiar series of circumstances have to occur in precisely the order in which they did at a time and place that was pinpointed or there could not have been a loss.

There are some exposures that any risk creates on which the larger catastrophic loss is more likely to occur than on certain others, but Mr. Braddock says he does not believe that the big loss if it occurs will necessarily fall on the spots considered.

The automobile lines have produced some staggering losses but not many have been in the same class as losses that have become all too frequent in products and contractual liability and general property damage. The insuring clause of a primary products liability policy is most difficult to interpret after the loss has occurred, he said. Many products have been put on the market since the end of the last war which have not been properly researched or tested by the manufacturer. Inevitably some of these products will create losses. They must be either covered by insurance or reserved out of operating costs by the corporation for its own protection. Several claims have occurred in recent years running into seven figures, and he knows of two or three that are high seven figure losses on this exposure.

New Utah Enterprise

Insurance Underwriters, Inc. is the name of a new office at Salt Lake City. This is a service office for excess coverages for Utah, Idaho, Wyoming, Montana and Nevada, and they are underwriting managers for Financial Indemnity of Los Angeles. Thomas L. Burgoyne, the president, is vice-president of Inter Mountain Surplus Lines Agency, Inc. Edward M. Mabey and Jack R. Day, the vice-presidents, are officers of Western General Agency, Inc. of Salt Lake City.

Wooten in Ala.-Ga. Field

American Indemnity has appointed William R. Wooten as special agent for Alabama and Georgia, succeeding R. S. Lillard, who has resigned to enter the local agency business. Mr. Wooten has been traveling in Florida.

Asks Tex. Rate Cut

Texas board of insurance commissioners has taken under advisement a request for reduced EC dwelling rates requested by Attorney Jess Carter of Austin. Gordon Fredericks, local agent of San Antonio, requested that the \$100 deductible on windstorm policies be reduced to \$50 for inland territory.

Lee Owsley Is Retiring

Lee Owsley, for years head of the farm department of Home in Kentucky, is being retired and will become manager of the Scruggs agency at Berea, Ky., which has just been purchased by Ralph A. Dean. Mr. Dean will operate his agency there as a separate entity.

Maryland Assn. of Insurance Agents will hold its annual convention at Baltimore Nov. 4-5.



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Ashton Runs Through Heavy Agenda at Midwest Territorial Conference Meet

WASHINGTON—The Midwest Territorial Conference of N.A.I.A. here drew close to 200. For many it was the first opportunity to watch J. L. Ashton, Milwaukee, chairman of the conference committee, in action. Mr. Ashton took over the key post on the death of George W. Carter early this year.

A. G. Harrison, Louisville, conference chairman, put the meeting in Mr. Ashton's hands in short order and the

conference committee chairman to be picked by the committee from its members.

Among the subjects reported on by Mr. Ashton were the annual extension renewal plan, which it is understood most agents want discarded in favor of the installment plan; the chances for a liberalization clause in Western Actuarial Bureau states; the problem created when the present alterations and repairs clause is used on a blanket risk; certain exclusions in church and school forms and a number of business interruption problem.

Debris removal clauses and their relationship to various reporting forms also occupied Mr. Ashton's attention, as did the reporting feature of the automatic sprinkler clause. Mr. Ashton thinks an agenda mailed several weeks before a company-agents-bureau meeting is worth a lot and also likes the practice begun during his tenure of having agent members of the conference meet for at least one day before sitting down with company and bureau people. This, he said, is necessary to get all controversial issues out of the way so that agents can present a united front.

Other problems mentioned by Mr. Ashton were the feature of replacement cost forms which requires rebuilding on the same site, a requirement which is said to be driving much of this business into foreign markets where the requirement may be waived; additional living expense coverage; certain bureau administrative matters affecting agents and term discounts.

Mr. O'Connell supplied the information, in answer to a question directed to Mr. Ashton from the floor, that additional EC loss ratios have been very low—probably 5 to 7%. He said there is reason to believe that underwriters will give more study to offering AEC without the \$50 deductible. More than 30 companies in Ohio have filed to write AEC full coverage at a 50% increase in rate, from 4 to 6 cents. This, Mr. O'Connell said, is diverting a lot of good dwelling business to Ohio insurers and may prompt other insurers to follow suit as this drain becomes more marked.

W. R. McCord, Louisville, secretary Kentucky Assn. of Insurance Agents, said details are pretty well lined up for the Louisville meeting in March. He read a letter from the governor of Kentucky welcoming the conference to his state.

Mr. Ashton reported that an agents committee, headed by Arthur M. O'Connell of Cincinnati and including Robert Byrne of Omaha, Oden D. Prowell of St. Louis, Emil Lederer of Chicago and George Thompson of Minneapolis has been hard at work with a company committee headed by Edward Forkel of National, Leonard Peterson of Home, Sidney Behlmer of Hartford Fire, William Ellis of Royal-Liverpool and John T. Even of Fireman's Fund on an improvements and betterments form that will answer criticisms of the new one launched a few months ago. A complete overhaul of the new form might be expected after another meeting of the agent-company conference group which will be held Oct. 14 at Chicago.

Nine Presidential Citations Awarded to N.A.I.A. Leaders

WASHINGTON—Walter M. Sheldon, president of National Assn. of Insurance Agents, at the opening general session of its annual meeting here.

Awarded Presidential Citations to the following men for bringing prestige and credit to the American agency system during the past year through eminent accomplishments in their business, civic or personal life: James Van Vechten, Akron, O., immediate past president of N.A.I.A.; Agents; Arthur L. Schwab, Thompsonville, N. Y., chairman of the N.A.I.A. agency management committee; Joseph A. Neumann, Jamaica, N. Y., member of N.A.I.A. executive committee, state national director and past president of the New York association and chairman of the N.A.I.A. special automobile committee; Herbert L. Brooks, East Orange, N. J., vice-chairman of the casualty committee; John H. Carney, Eau Claire, Wis., former N.A.I.A. executive committee member and past president and state national director of the Wisconsin association; J. V. Arthur, Winchester, Va., member of the N.A.I.A. legislation committee and former executive committee member; Julius G. Berry, Tupelo, Miss., immediate past president of the Mississippi association; Marvin D. Adams, Miami, president of the Florida association, and Francis F. Ludolph, San Antonio, for many years secretary of San Antonio Insurance Exchange.

The citation for Mr. Van Vechten was presented Charles H. Eichhorn of Columbus for delivery to Mr. Vechten. Also, John H. Carney was not present to receive his citation and it was given to Don R. Morrissey of Appleton, president Wisconsin association, for delivery.



J. L. Ashton



A. G. Harrison

committee leader then went through an agenda of more than 50 subjects. On one topic—improvements and betterments forms—Mr. Ashton was aided by A. M. O'Connell, Cincinnati, who heads a special committee appointed by the conference to deal with that subject.

Leadership of the conference committee, which became a subject of much discussion after Mr. Carter's death, probably will be settled at the Louisville meeting of the conference March 21-23. Those who attended the meeting here were given the impression that Mr. Ashton would like the

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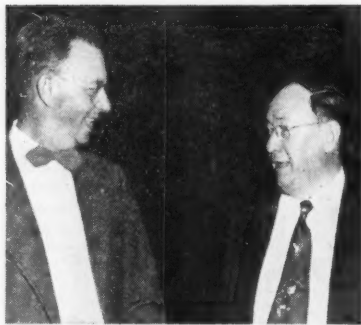
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Couple of New Englanders in Washington for N.A.I.A.: Carleton Fisher of Providence and C. F. J. Harrington of National Assn. of Casualty & Surety Agents.



At Home headquarters at N.A.I.A. convention: Seated, T. Morgan Williams, vice-president of Home, and Mrs. W. H. Lucas; standing, W. H. Lucas, LeRoy, N. Y., and W. W. Allen, vice-president of Home.



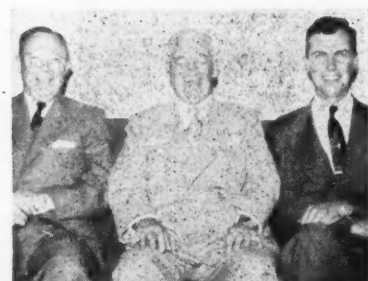
Kenneth Ross, Arkansas City, and Mrs. Ross, who celebrated their 17th wedding anniversary at the N.A.I.A. convention; Mrs. William L. Kline and Mr. Kline of Hutchinson, Kan.



Kenneth E. Black and M. E. Sprague of the Home group, shown at N.A.I.A. convention.

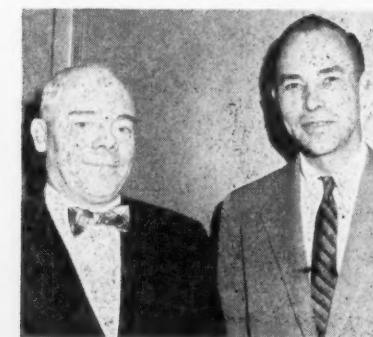


Donald W. Perin, N.A.I.A. staff; Milton W. Mays, Insurance Executives Assn., and B. P. McMacken, Jr., of FC&S Bulletins, at N.A.I.A. convention.



At Hanover headquarters during N.A.I.A. are shown Joseph V. Ward, Jack Rygel and Douglas E. Howie of that company.

Harold A. Boling, Lake Charles, La., Mrs. R. A. Bolton, Alexandria, La., and Mr. Bolton, president of the Louisiana association, at N.A.I.A. convention.



Ralph D. Callister of Salt Lake and Robert E. Battles of Los Angeles at N.A.I.A. convention.

Mrs. E. J. Seymour, wife of the new president of the N.A.I.A.; Mrs. Walter M. Sheldon, wife of the retiring president; and Mrs. Robert Maxwell, wife of the executive committee-man from Texarkana, shown in the presidential suite, the N.A.I.A. headquarters suite, during the convention in Washington.



Arthur Von Thaden of Excess Covers, Inc., New York, checking headquarters board at N.A.I.A. convention in Washington.

LeRoy Hunter of Seattle, E. A. Toale of N.A.I.A. headquarters, Mrs. Hunter, and L. Allen Beck of Denver, at the N.A.I.A. convention. All are C.P.C.U.s except Mrs. Hunter.



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Record New Jersey Throng Hears Auto Discussed

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costs that much to write the policy.

Workmen's compensation assigned risks in the state for years have taken no commission, he said. If agents didn't have an assigned risk auto plan, presumably the state would have a fund for writing them—at no commission. The ARP has been a life saver for agents.

Can the policy be cancelled if the accident record is bad?

The company must take the assignment and keep it, Mr. Schepens said. Accident frequency in itself is no reason for cancellation. If insured has 22 accidents, the company can't cancel. But it can cancel if insured doesn't report one of them; that brings in the matter of good faith.

It is too bad the company has to put up with that, the agent commented.

One agent said he sold accident policies to assigned risks to make up for the low commission on the automobile.

What about increased limits, above those now permitted?

Very unlikely.

If the driver whose car is in the wife's name is restricted by police or other state regulation to that automobile, can the company similarly restrict the assigned risk cover? Mr. Schepens thought possibly so.

The ARP application for use beginning 1954 is the same, he said, but it is in triplicate, and agents like that. It is one-page.

What about assignment to insurers that charge less? This is embarrassing. All insurers write assigned risks, Mr. Schepens pointed out.

What about assignment to a weak company that may not last?

Keystone Mutual Casualty was entered in New Jersey. All those risks, Mr. Schepens said, were reassigned in 24 hours. Another mutual went bust recently and its assignments were promptly reassigned. There was no assessment.

What about a suit or claim already on the books when insurer goes bankrupt?

That would have to be taken up with the insurance commissioner.

In response to another question, Mr. Schepens warned agents against telling assigned insured he is covered until he gets the policy.

Different companies have different plans of installment payment for auto business. Here Mr. Schepens suggested the best way is to tell the customer to get up the money. However, the plan does provide for a 30% deposit premium and many insurers use an installment plan.

Government Employees Ins. Co. sends assignment policies direct to insured, another agent complained. Mr. Schepens said the plan can put a stop to that and will. Agents have a vested interest in such policies.

The national auto ARP advisory committee has acted on the matter of companies writing insured direct to tell them they have been good boys and now are out of ARP—then write it direct without commission or so much. The advisory committee has told three insurers that have been following this practice to stop it.

At the end of three years the risk goes out of assignment and the agent has to bother with reassigning. Can't this be eliminated? No, Mr. Schepens said, it is necessary. The record of ARP is geared to three years. Infor-



Charles H. Frankenhach (left) received a handsome set of carving knives from New Jersey Assn. of Insurance Agents at its annual meeting at Atlantic City last week in recognition of the leadership he has given the agency system over the years. Mr. Frankenhach resigned at the meeting as state national director after six years in that post.

Making the presentation is Roy H. MacBean, Cranford, the retiring association president, while Mrs. Frankenhach looks on.

mation on the application is not much good after three years. Besides, reassigning that often isn't so tough on the agent.

Esmond Ewing, vice-president of Travelers, touched on the automobile situation in discussing the future of the casualty business. Kenneth O. Force, editor of THE NATIONAL UNDERWRITER, talked on the automobile situation and what the agent adds to the product he sells.

Frederick W. Doremus, manager Eastern Underwriters Assn. talked briefly about the study of merchants in towns of less than 10,000 population that has been conducted for EUA by Dun & Bradstreet, to determine what the individually owned retail store wants in the way of business interruption coverage and why he doesn't buy what the business now offers. Mr. Doremus believes that there will come out of this study a form to be attached to the mercantile form that will tap a large, undeveloped U&O market, a form that probably will be nationwide. It will represent a simplified handling of storekeeper's coverage.

He also commented on the insurance program for the guidance of school boards prepared by a committee headed by Russell M. L. Carson, local agent of Glens Falls, N. Y. This covers both fire and casualty.

The agency delinquent balances committee of EUA now is handling five agencies, he said. It has handled more than 1,500 in the past.

The reason the New Jersey association did not get a controlled business bill in that state is because agents didn't want the bill bad enough, Theodore M. Gray, executive secretary Ohio association, told the meeting. Agents take their business seriously in Ohio. They spend money to defend it.

The business has not licked the auto problem because the public doesn't understand it, and agents don't understand it either, he declared. Agents don't really understand what is wrong with auto dealers selling insurance. Fundamental issues are involved here. The auto business is relatively unimportant, however. The important thing is that the agent license must be used for the good of the general public. The law in Ohio doesn't mention auto business.

Don't organize the legislative com-

mittee in December, just ahead of the legislative session, he advised. He said in Ohio the legislative program is built two years in advance.

Charles J. Unger, executive secretary, read the legislative report prepared by Joseph P. Fleming of Trenton, chairman of the committee, who was unable to attend. The main interest in the past session was the agent's qualification bill, according to the report. This met a lot of opposition and the legislation was withdrawn. The report urged continuation of this effort. The bill lost that would have expanded temporary disability cover to the first seven days of disability. A rearrangement of the standard fire policy was passed. This, it is understood, will permit the one-write policy in New Jersey. Another bill that passed permits corporations, individuals and partnerships to be licensed to procure insurance in non-authorized insurers.

The outstanding accomplishment of the association this year, according to the presidential report of Roy H. MacBean of Cranford was the net increase of 98 in membership to bring the total to 1,413, passing Wisconsin and giving New Jersey sixth place in NAIA.

In its discussions with the two automobile rating bureaus the association has stressed the need of a competitive policy coverage as well as competitive rates. It will be unfortunate, Mr. MacBean said, if the new classification plan is the only product of all the many meetings and words that have transpired. The report expressed the firm belief that the two rating bureaus should be merged.

The association has pending before the governing committee of Compensation Rating & Inspection Bureau of New Jersey the request that a proper letter of authority, together with an application for reassignment, will be honored by the bureau to the extent that it will be forwarded to the assigned insurer with one request that insurer is to use the assistance of authorized agent or broker in handling the assigned risk. This should result in the assigned risk getting advice and service and it would make the work of the assigned risk department of the rating bureau easier.

Herbert L. Brooks of East Orange presented the casualty committee report and Joel Harrison of Kearney that of the fire and accident prevention committee. Henry Franz of Clifton reported for the finance committee.

Charles H. Frankenhach, Westfield, in his report as retiring state national director, urged a study of state laws relating to group or association insurance. He said agents are concerned not with programs for groups with common insurable interests or like exposures but with groups not having these characteristics. Mr. Frankenhach, SND for six years, and a past president, was honored at the past presidents' dinner for his service to the agents.

Harold Feuerstein, counsel of the association, reviewed agency legal situations.

A number of companies maintained headquarters, including American Casualty, Crum & Forster, Chubb & Son, the Boston, Commercial Union, Massachusetts Bonding, Providence Washington, American, American Associated, Camden, Fireman's Fund, Home, Marine Office of America, Northern of New York, Phoenix-London, Royal-Liverpool, Travelers, Pacific Fire, Agricultural, North America, Maryland

Casualty Shyness Felt Down the Line. Agents Are Informed

Many fire companies which could handle casualty lines show no disposition to get into the business in New York City, and these are the lines for which brokers must give fire premiums and which agents with no casualty facilities lose, John C. Weghorn, president of the Weghorn agency, New York City, told the conference of metropolitan and large line agents at the N.A.I.A. convention in Washington.

Mr. Weghorn was scoring what he called a serious problem of casualty market capacity in New York City and said that improved red figures at the end of the year do very little to alleviate the tight situation. "Competition in New York City on fire premiums by casualty companies who also write fire, grows every day," he said, "A few of these fire companies are writing comprehensive liability, glass and burglary, but not large liability lines or compensation or automobile."

Agencies and brokers are not the only ones to be affected by this situation, Mr. Weghorn said, for the small number of companies that are writing multiple lines, including casualty, also are suffering more and more as their casualty capacity is being squeezed out. The public, too, is caught up in this cycle, because as the production and operation of automobiles increase and the demand for more insurance on cars follows suit, buyers who are unable to purchase what they need at a fair price will be forced to buy "other" things from the insurer and the result will be an inferior product and inferior service.

A solution, Mr. Weghorn said, is increased capacity by expanded financial requirements. Otherwise, the casualty business will go to inferior companies which then may infiltrate into other lines. "In fact, they are already doing so."

He urged that the N.A.I.A. state publicly that the automobile insurance problems affecting metropolitan and local agents country-wide are closely connected, that producers and companies alike immediately get together to solve the situation and that a producer-company group be organized with this goal in mind. Since these dangers can't be side-stepped, Mr. Weghorn warned, "the public will settle the problem by buying this insurance from others, or the government will step in to protect the public and impose its solution upon us, whether we like it or not."

Casualty, Coroon & Reynolds, Great American, Manufacturers Casualty, Aetna Fire, North British, Loyalty group, Pacific National, Pacific Employers, General Accident and Zurich.

America Fore gave the cocktail party preceding the banquet. Among those acting as hosts were Robert A. Nay, Frank E. O'Brien, DeMott Belcher, Jack Davidson, Ed Uhler, J. Scott King, Thomas D. Hughes, William Mattson, Walter D. Sheldon and Harry W. Kohler.

The opening luncheon and a cocktail party, was given by Camden, and the breakfast by Firemen's.

The new president, Sol Holland, has been vice-president in charge of insurance for the J. I. Kislak Co. in Jersey City for 29 years.

TV Antennas, New Auto Classifications, Big Topics Before Eastern Conference

WASHINGTON — The troublesome problem of TV antennas, the new automobile casualty classification plan, and other issues were aired at the Eastern Territorial Conference of N.A.I.A. here. Preston H. Hadley of Bellows Falls, Vt., the chairman, said territorial conference chairmen and N.A.I.A. officers at a breakfast conference had appraised the results of the conference program and found them so beneficial that they decided to continue the program indefinitely.

Some agents are attaching the additional extended coverage endorsement to all renewals and, as a selling point where the windstorm deductible applies, the saving in the deductible wind rate is being used to pay for the AEC, H. Earl Munz, Paterson, N. J., chairman of the conference committee, said in his report. He urged agents to sell the endorsement as service to insured and to meet the competition of direct writers. Some agents are selling it instead of vandalism and malicious mischief for seasonal dwellings. Use of special glass in dwellings is making the glass breakage feature much more attractive in spite of the deductible.

The new simplified form of business interruption for small merchants, now in the mill, seems likely to be a separate item in the regular mercantile form. The difficulty seems to be in reaching an agreement on a maximum limited amount of recovery in any one month so that coinsurance can be avoided and in making sure the form will not be used on risks large enough for regular U. & O. Since there are now several independent filings in this field, quick action is desirable and expected, Mr. Munz said.

The rating methods research committee of Eastern Underwriters Assn. has recommended a new errors and

omissions form 2 which covers the combined interest of mortgagee and servicing agency and also includes certain judiciary responsibilities. This meets competition of the Lloyds form, he said.

The business is still working on the TV aerial problem and there was much discussion of it at the conference here. The solution may lie in excluding antennas from both fire and EC and making it necessary to insure them specifically either with or without a deductible, Mr. Munz said.

Frederick W. Doremus, manager of Eastern Underwriters Assn., reported that this is the latest thinking in his group, though the matter still is being studied. Arthur L. Polley of Hartford Fire, chairman E.U.A. rating methods committee, commented that the problem is difficult. A deductible across the board is appealing but once the door is opened wide on deductible, the premium base of insurance is destroyed. The problem is pretty well taken care of in areas where EC deductible is mandatory but does represent a catastrophe situation in other areas.

If the business is going to put a deductible on antennas it ought to be mandatory, one agent commented. There are too many options now. Brian Kane of Chestertown, Md., commented that agents in his area have been explaining increased EC rates as largely the results of aerial losses. Frederick J. England of Cambridge, Mass., pointed out that aerials in cities are not as expensive as farther away from TV stations and under the mandatory deductible in that state aerial losses do not present much of a problem.

Richard Thompson of Valley Stream, L. I., noted that in salt corrosion areas

the problem is aggravated. Charles Frankenbach of Westfield, N. J., said the old aerials were flimsier, less expensive than the new, more substantial ones and wondered if insured could be educated to accept an adjustment reflecting this difference.

In Kansas, Mr. Munz said, antennas have been eliminated from fire and EC, but he has found agency sentiment somewhat opposed to elimination of the cover. Every slight wind produces substantial aggregate losses, Mr. Doremus noted.

Trailer homes have been principally insured under auto PHD policies, Mr. Munz said. E.U.A. has recommended that trailer homes not be considered private dwellings and not eligible for AEC. Those permanently located on continuous enclosed masonry foundation are subject to the frame dwelling class rates. All others on specific locations will have 70 cents added to the normal protection or unprotected base rate of the town in which they are located. This will bring the premium in line with that charged under auto PHD.

Another matter discussed by the agents and E.U.A. conference group was fixing of a maximum term on any policy to five years.

Mr. Doremus said that in determining EC rate levels they should accord with 1953 exposures in dollars and not with past 10 years experience. There is ample evidence that the companies need more money on EC.

University of Maryland college of engineering tentatively has developed a curriculum on fire prevention engineering that would lead to a B.A. degree in that subject. Previously there has been only the Armour Institute and its successor, Illinois Institute, providing such a degree. The fire companies in E.U.A. are exploring the idea of developing scholarships to encourage the course.

William F. Stanz of Brooklyn said New York City brokers are selling AEC plus vandalism and malicious mischief apparently with the idea of getting away from the deductible on the latter. Mr. Doremus said the understanding was that the V. & M. M. cover in AEC would take the place of specific vandalism cover. Vandalism produces the second largest amount of dollar loss under the AEC.

In the first six months, National Bureau of Casualty Underwriters companies report the loss ratio on automobile bodily injury still going up, Thomas O. Carlson, actuary of the bureau, said. There has been about a point increase in the ratio in the 12 months ending with the second quarter of this year, compared with the 12 months ending in the first quarter. Property damage liability loss ratio went down .2 of 1% in the same period.

But sentiment in the business has shifted radically due to the competitive situation, and there is a belief that if the experience has not turned the corner, it is close to it, he said. The battle for business is at hand.

He noted that competition is different today from what it has been in former years. Previously there was always the possibility of getting new business from uninsured, but with widespread financial responsibility laws the field is becoming pretty well saturated.

The market is still tight in some

areas but is a good deal loosened up over a year ago.

Experience indicates that the differential between the bureau's classes 1 and 3 is about right, Mr. Carlson said in his discussion of the new auto classification plan, but not on the young drivers. He thinks mileage to and from work, unlike the old 7,500-mile figure, is reasonably ascertainable. In rural areas the 1B rate is about 6% less than the 1B rate in cities. The bureau figures that about 24% of cars will get no relative change under the new classification, 63% will get a reduction and 13% will get an increase. The over-all reduction will be 2.5%. Twenty-two jurisdictions have approved the plan.

The bureau is conducting a country-wide rate level review and there will be some increases, a few decreases. The bureau changes rate level when there is a 5% or larger swing in the loss ratio. No change is contemplated in commercial car rates at this time.

National Automobile Underwriters Assn., the bureau and the three national producers organizations, N.A.I.A., National Assn. of Casualty & Surety Agents and National Assn. of Insurance Brokers, have a conference group that is discussing further the whole private passenger car field, he said.

The annual meeting of the Eastern Agents Conference will be held at Boston April 4-6.

N.A.I.A. to Issue Book on Agency Ownership, Conduct

In recognition of the pressing need for an authoritative book on the various legal and practical aspects of insurance agency ownership and operation, N.A.I.A. will embark on a study of the subject.

The study will be undertaken by John F. Neville, executive secretary and general counsel, and George S. Hanson, associate counsel. Mr. Neville, in presenting the matter to the executive committee, explained there is a continuing need by members, evidenced by a steady stream of requests to headquarters, for authoritative information on the subject.

The project will take a year to complete and will review all existing material now available as well as research on subjects regarding which little information is presently available.

Among subjects to be considered are various types of agency organization and their tax aspects. The independent contractor status of the agent, which depends upon the ownership of expirations; aspects of the agency—company contract, legal liability of the agent, partnership agreements, valuation of an agency, purchase and sale of an agency, and perpetuation of an agency.

Fairleigh Heads Secretaries

George duR. Fairleigh, manager Georgia Assn. of Insurance Agents, was elected chairman of the state secretaries group at its meeting during NAIA convention in Washington. Secretaries discussed problems of common interest.

W. W. Clement of American International Underwriters was host at a cocktail party for state secretaries, their assistants, and the wives, during the convention.

Victor O. Schinnerer, Washington, general chairman of the N.A.I.A. convention, gave a cocktail party for state national directors Sunday evening, which was a new convention idea and which proved highly popular.



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Committee Reports Focus Attention on Main Issues and Activities of Agents

WASHINGTON—Among the committee reports put in at the annual convention of National Assn. of Insurance Agents here, that of the property insurance group headed by Arthur M. O'Connell of Cincinnati covered the most ground, including the numerous complaints of agents that company adjustment bureaus serve insurers that do not subscribe to and in many instances revile the American agency system.

The reports of other committees, including the one on commissions, reviewed a year's work and reflected agent sentiment on a number of vital matters.

The O'Connell report explained that adjustment bureaus say there are many constitutional problems involved in the issued raised by agents; outside business is not solicited but is not refused. If they undertake an entire adjustment problem, representation of all insurers is necessary. Uniformity of adjustment enhances public confidence in the business.

However, the report gently reminds the adjustment bureaus that perhaps they submit too easily when propositioned by non-agency insurers and sometimes even make passes in their direction. A rigidly enforced declaration of policy might be in order.

The report urges that the issue of the new improvements and betterments coverage be continued on the agenda of this committee until a clear understanding is reached. A committee of agents and company executives now is working amicably toward the creation of a new clause, aimed to eliminate the evil of duplicate cover, to limit recovery to the interest of insured but at the same time to recognize the fact that often such interest may not be properly determined until loss actually occurs.

Insurance Executives Assn. has indicated that a simplified business interruption form that would sell well to small insured was being readied and would be introduced on the west coast to test its reception. It would have no coinsurance requirement, be easily readable, limit recovery for any one month of loss to 30-35% of policy amount, and be available as a separate amount.

Though this form has not appeared, several companies have brought out a simplified coverage and though the amounts are limited it has proved popular. The report urges other companies to follow suit.

Chief cause of sales resistance to the additional extended coverage continues to be the mandatory \$50 deductible, according to the report. Full cover, it is admitted, would make AEC a maintenance contract, but substantial companies are selling full cover and do not fear unfortunate results. Their agents are pledged to avoid decrepit risks. Anyway, the report adds, agents are uncomfortable in the absence of run of mine losses and argue constantly that a 50% surcharge over present rates should prove sufficient to bear losses even with the elimination of the deductible. Agents say that in view of generally favorable loss experience and absence of additional catastrophe hazard, the present premium may be too high and part of it could be used for paying losses under \$50.

The war risk exclusion in EC should

be clarified, and the committee has asked the authors of it to do so.

On the term rule the report states that as long as rates are computed and published on a different basis than policies are predominantly issued and as long as annual rates continue unrealistic, some annual payment plan will be a competitive necessity. Op-

position to the installment plan has disappeared generally in states where it is permitted, and it is even popular as a means of providing sufficient insurance to value and as an aid to collection.

But the annual renewal endorsement is potentially dangerous to ownership of expirations and the committee urges it be ousted. A realistic term rule would help do that.

The needs of the business can be met with not more than a dozen sensible fire forms, the report declares. It urges companies through inter-regional con-

ferences to reduce the number of forms and offers the services of the state and national agency committees. Agents then would accept the burden of popularizing the results among NAIA members, even preparing and supporting legislation where necessary.

COMMISSIONS COMMITTEE

During the past year there have been many violations of NAIA's commission principle that there should be no exercise of unilateral commission control by insurance companies or rate

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making bodies without prior consultation with agency forces in the territory or jurisdiction affected, Russell M. L. Carson, Glens Falls, N. Y., chairman, stated in the commissions committee report.

New methods and techniques developed by companies for approaching the commission problem have appeared, his report states, and in themselves are subtle evasions of the prior consultation phase of the commission principle. If the agency system permits companies or bureaus to exercise unilateral commission control without prior consultation, its defenses are down, Mr. Carson reported.

These are evolutionary times in insurance, he stated. It is not enough for the executive committee of NAIA to be authorized to continue an interest in and study of the commission subject. For the fullest protection of the rights and best interest of the agents, it needs an added directive to support at national level commission fundamentals and to oppose violations of NAIA commission policy.

Mr. Carson pointed out that a number of state associations have followed a recommendation made at the last

Agents Stage Play to Show Sales Points for 3-D Cover

The skit, "It's 3-D For Me", put on at the metropolitan and large lines agents' conference of NAIA, was entertaining and suggested some good sales points on this form.

The cast consisted of J. Kenneth Cormack, Providence, chairman of fidelity and surety committee, Henry A. Franz, Clifton, N. J., and Ralph Neely, Oklahoma City, members of the committee and Howard R. Chase, Jr., Providence, president Rhode Island association.

This skit covered a typical day in an insurance agency office with emphasis upon the sales opportunities presented by dishonesty insurance.

annual meeting and have either appointed a commission committee or authorized an existing committee to take on the commission subject. He noted that the commissions committee of NAIA has taken over, at the executive committee's request, attendance at meetings of the uniform accounting subcommittee of National Assn. of Insurance Commissioners, which is dealing with a change in the definition of

acquisition cost. One of the NAIA commission principles is an unalterable opposition to control of commission level by state or national government.

CASUALTY COMMITTEE

The report of the casualty committee, headed by Joe H. Bandy of Nashville, recommended that the next casualty committee seriously consider meeting with as many non-bureau casualty companies as would be interested. The casualty committee presently meets with National Bureau, National Automobile Underwriters Assn. and National Council on Compensation Insurance.

A complete study is being made of the assigned risk plan. The committee finds that in some sections brokers, and perhaps agents, having lost all of their automobile writing connections, automatically put all risks in the assigned risk plan, even though they might qualify for direct writing. In other sections where the underwriting problem is not so acute, agents are being criticized for their failure to place

business in the assigned risk pool.

The Richmond, Va., club of American Automobile Assn. has organized an agency to write automobile insurance for members. It was appointed general agent by American States. This company operates under the agency plan in some of the seven states in which it is admitted and in others through automobile clubs. In some states it operates both ways. In some sections the member agents prefer to have the automobile club sell stock insurance rather than at cut rates through a reciprocal.

LOCAL BOARD, MEMBERSHIP

The report prepared by David R. McKown of Oklahoma City, chairman local board and membership committee, showed an increase of 1,355 in membership, to a total of 31,399. There were also 57 new boards established, making the total 1,005 functioning within NAIA.

The plan of local boards handling insurance for governmental bodies is fast taking hold all over the country. His committee consistently has urged local boards and state associations to adopt some one or more civic objectives and finance these programs from public business commissions.

RURAL, SMALL LINES

Each state association should create, if it doesn't already have one, a rural and small lines agents committee, Glenn J. May of Spencer, Ind., chairman of the NAIA committee of that style, recommended in his report. Many of the states do have such committees. He also recommended territorial conferences create like committees and devote part of their programs to such agents' problems.

A committee survey shows that miscellaneous liability coverage and marine, as these pertain to rural areas, are two lines sadly neglected by rural and small lines agents. Development of an educational program on the two lines would be beneficial to these agents and therefore to the business as a whole.

The committee believes farm writing companies should streamline their operations and at the same time those of agents by generalizing forms instead of discriminating in certain sections of the country.

The committee would like to have a midyear meeting to plan a constructive program.

ACCIDENT PREVENTION

The report of the accident prevention committee, of which Reginald L. Price of Charlotte, N. C., is chairman, recommended that members be appointed for three years so that planning meetings might be held at the annual meetings of NAIA, a practice impossible now since all appointments expire at the annual meeting. He reviewed the work of the committee, including compliance with the request from Associated General Contractors of America that local agents be asked to give contractors more explicit information about their policies and the accident prevention services to which they are entitled; cooperation with the B'nai B'rith youth organization; the getting of an accident prevention week on the agenda of the President's highway safety conference.

FIRE SAFETY COMMITTEE

In his report for the fire safety committee, John J. O'Toole of St. Louis



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Doremus Describes Fire Rating, Advising Process

At the metropolitan and large lines agents' forum of NAIA, Frederick W. Doremus, manager of Eastern Underwriters Assn., stated that there are 37 fire rating organizations in the U. S., five advisory organizations which make recommendations to most of these rating organizations on a regional basis, and one national advisory body which processes recommendations on rate levels, rules and forms to the several regional bodies. In many areas there are regional conferences with agency territorial groups to help the regional advisory organizations appraise common problems. The NAIA property insurance committee meets with the national advisory organization on problems of inter-regional significance.

The fire rating process depends upon local rating organizations for the ultimate treatment of the agent and the public. These local rating organizations do an excellent job for the business despite the day-to-day handicaps of personnel and other problems which exist.

emphasized the value of visit-building-officials day, which was held in the spring, the visit-fire-chiefs day held last fall, school inspections, and civil defense.

ASSOCIATION CONTACT

The trade association contact committee, headed by Tom J. Neff of Wheeling, has tried to complete a file of authors and speakers from every state so that if a local bankers or contractors association, or the like, wants a speaker on insurance or an article for their trade journal, it can be produced at state level. The committee has secured complete cooperation with the following associations: American Institute of Architects, Associated General Contractors, National Assn. of Home Builders, American Banker's Assn., National Assn. of Bank Auditors and Comptrollers, National Assn. of Insurance Buyers, National Assn. of Life Underwriters, American Hotel Assn., National Assn. Plumbing Contractors.

American Bar Assn. has a member who is advocating lawyers' assistance in advising clients as to insurance planning for property and casualty lines. The committee is studying this situation.

EDUCATION

Ernest F. Young of Charlotte, N. C., chairman education committee, recommended that each state association consider sponsoring a short course campus school based on the NAIA educational program, that each state association promote use of this educational material by members, and that local boards take advantage of the educational division to provide programs of interest and value to members.

FIDELTY-SURETY

The fidelity and surety committee, of which J. Kenneth Cormack of Providence is chairman, noted in its report an increasing tendency of surety special agents operating out of company branch offices to by-pass the agent and solicit contract bonds directly from contractors. Several reports of this activity have been received from over the country. The committee does not refer to contacts made direct with contractors for other purposes, usually

with prior consent of the originating agent, to assist in the placement of a contract bond or to obtain information. This helps the agent.

What the committee objects to is the calling on contractors of company representatives without regard for the interest of the agent. Often the originating agent is not considered at all and the commission, if any, eventually is assigned to a license holder who has done nothing to earn it. The practice may be due to anxiety of the special agent to write the bond in his company regardless of what agent receives credit for it or due to lack of faith by the special agent in the ability of the originating agent to obtain the order. However, such activity violates American agency system principles, and the committee recommended that NAIA take official notice of these unfair practices by asking various companies to discontinue them.

The committee is still interested in securing more widespread sales of fidelity and surety by agents, though its efforts in the direction of a condensed bond manual have not been too successful. However, it has presented programs at national conventions and consistently has advocated self-education of agents in these lines.

WAR PROJECTS RATING

Guy T. Warfield of Baltimore, who, with Ralph W. Howe of Richmond, Va., constituted the comprehensive war projects rating plan committee, suggested in his report the committee be discharged and no successor be appointed. A relationship has been built up between the committee and the heads of the various governmental service insurance divisions. He said that he and Mr. Howe could be called on in the future if needed, perhaps in a personal capacity.

BIG CITY, LARGE LINES

The metropolitan and large lines agents committee headed by Emil L. Lederer of Chicago is divided into sub-committees, with H. Herbert Corson, Nashville, heading the one on large lines, and Mr. Lederer metropolitan agents.

Mr. Corson's unit has completed compiling a list of about 1,000 large line agent members of NAIA. For the first time the group knows who and where they are. The committee intends to keep the list up to date.

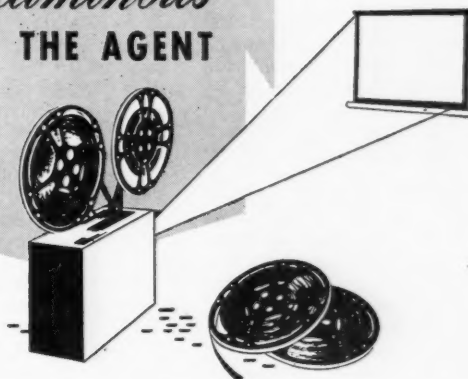
The committee has informed the governors of the federal reserve system that the American agency system objects to the idea of an organization such as theirs going to self-insurance.

The committee has aided agents in certain localities who were having capacity difficulties, including some with automobile.

It recommends territorial conferences set aside time for a metropolitan and large line agents panel. The large line agents, though only 3% of NAIA membership numerically, provide a large percentage of the financial support of local and state associations.

F. F. Ludolph, secretary of San Antonio Insurance Exchange, stopped at St. Louis to attend some National League baseball games on his way to Washington to attend the N.A.I.A. convention and also expected to see the Washington Senators perform while in that city.

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ROCK ISLAND ILLINOIS



Sees Agent's Future Teetering With Way Automobile Problem Is Solved

WASHINGTON—The loss of the automobile dollar constitutes a serious problem to the continuance of the American agency system, Barney W. Phelan of Versailles, O., declared in his talk on the rural and small lines agents and the automobile insurance situation.

To prove his statements, he cited figures from a survey taken in his section which indicates that the average agency's volume in dollars is approaching 50% automobile and casualty, the other all other lines.

He noted the rapidly increasing proportion of the total automobile business being written by mutuals, reciprocals and direct writers. In addition he called attention to signs that the economy is leveling off, which indicates that the peak of insurance volume has passed, he said.

Unless the stock conference companies devise a system of rating compar-

able to Allstate's, which allocates the increased cost of insurance to the classes which fail to develop a satisfactory experience, the business will either have compulsory insurance in the various states or the greater volume of the preferred classes will be in the hands of the direct writers.

The terrible toll of traffic accidents in property damage and bodily injury caused by uninsured drivers has taken the automobile insurance situation from the realm of pure economics into the status of a social problem, he declared. The challenge is clear and the terms defined. Either the business provides relief or the state will.

The tenant farmer living three miles north of Mr. Phelan can purchase insurance with identically the same coverages at a net cost of from \$35.40 to \$93.47. The specialty companies which offer the cover at \$35.40 may eliminate this man when he has reached a

certain age and they do rigidly control renewals so that this insured may lack protection for varying periods. But, Mr. Phelan asked, what services do agents local agents offer him which are worth \$58.07, the difference between the lowest premium charged by a specialty insurer and the amount charged this risk by a stock agency insurer?

It is completely erroneous to assume that the high percentage of agents' commissions is the cause and a reduction in it is the only solution to the competitive rates, he said.

He pointed out that the net acquisition cost minus the agent's commission on the policy leaves the stock conference companies charging exactly twice as much for insurance on this specific insured as Grange Mutual Casualty.

The Grange is something of a consumer cooperative, but Farm Bureau Mutual is only slightly higher, and that group now owns a stock company, National Casualty of Detroit.

He admitted that stock conference companies cannot operate with a 67% loss ratio as shown by Farm Bureau Mutual for 1952, but he pointed out that Farm Bureau makes its own filings and does not depend upon National Bureau or National Automobile Underwriters Assn. Farm Bureau pays 15% commission the first year and 8% on renewals.

Territory 2 in Ohio, containing 49 counties, presents an interesting picture, he continued. It has been in effect for many years though some of the counties are entirely rural, some industrial, some contain large cities and others communities of 25,000 or more. Some are adjacent to industrial areas and perhaps 20 to 25% of the population commutes into areas where the insurance cost is 25% higher. They are all grouped together with a common rate. Why?

In this territory, 75% of all automobile business is written by other than stock conference companies.

Mr. Phelan believes that unified effort by companies and agents can improve rates and get them on a more competitive basis. The agent's first responsibility is to stress to insured the seriousness of the youthful driver situation. Figures continue to prove that the young driver is not a good risk. He cited figures showing the kind of violations in this age bracket—failure to yield, excessive speed, improper backing, improper stopping, reckless driving and failure to report accidents. Sons have far more accidents than daughters. Repeaters were involved in 50% of the accidents.

Yet the sons and daughters of today are the adults of tomorrow, and Mr. Phelan believes that as parents and as members of the insurance business, agents have fallen down badly in youthful driver training, which has been very successful in isolated areas where it has been rigidly enforced. Failure of the stock conference companies to grant insurance concessions to the graduates of the student driver training programs in Ohio, where Farm Bureau does give a credit, has had a deleterious effect.

In addition to a revision of rates, territorially and at class levels, an intensive program should be inaugurated as respects the youthful driver, he concluded. The rating bureau should immediately cooperate with state associations so that prior information can be given and explanations made to the general public on why rate changes occur. Agents have the advantage of being able to sell themselves by taking

an interest in the affairs of their customers, extending credit on a reasonable basis, and possessing binding authority for their companies.

Safety Talks Hold Points for Civic-Minded Agents

(CONTINUED FROM PAGE 30)

agents, teachers of home economics and home demonstrators, etc., he declared. The work can be stressed with the Future Farmers of America, 4-H Clubs, farm women's clubs and district and county soil conservation agencies.

William B. Larkin, engineer of Missouri Inspection Bureau, discussed the chemistry of fire at the same session. He noted that heat is not the result of fire but the cause of it. Three conditions must be present before fire can occur—the substance must be capable of combining chemically with oxygen, oxygen must be present in sufficient amount, usually more than 15%, and the substance must be heated to the point at which it will actively combine with oxygen.

The agent must accept his responsibility for participating in the battle to reduce highway accidents, Robert N. Morrill of Teaneck, N. J. said in discussing how to set up a successful safety program. A successful plan must start and finish locally, he emphasized. Each local association must create its own continuing plan, with help from state and national associations.

He emphasized the need of making the program a continuing one, day by day. Each local association should ally itself with the local safety control and work all of its plans through this group and in conjunction with it. Agents may lose some publicity by such cooperative effort, but this is more than made up by the effective work of the larger group.

The agents' association should have a good safety committee chairman and not change him with each administration. The value of a safety committee grows with its increased experience and knowledge.

A speakers' bureau is essential to promote highway safety, he said. Availability of qualified speakers, once it becomes known, will lead to plenty of engagements. The more talks that are given, the more requests will be made for the agents' services. The speakers' bureau greatly enhances the dignity of the agents' organization and business.

He urged agents to promote high school driver education programs. The agents' committee should get all the available information on the subject, survey its individual school districts, make a proposal to prove the need, statistically prove the fine results that have been obtained elsewhere, outline the cost of the program in that school district, and delineate the method of going about instituting the course.

Miller Presides at Past Presidents Dinner

At the past presidents dinner held during the N.A.I.A. convention, Melvin J. Miller of Fort Worth presided in place of James F. Van Vechten of Akron, who was unable to attend because of his health.

Mr. and Mrs. Van Vechten prepared and sent to the convention a tape recording of greetings, and this was played during the dinner. In turn, those who were at the affair put their voices on tape to send to the Van Vechtens.



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Tex. WC Assigned Risk Pool Plan Outlined

Texas workmen's compensation assigned risk pool, effective Oct. 1, was described at a meeting of about 175 agents and company men at Dallas. A similar conference was held at Houston the preceding day. J. D. Wheeler, director of the W. C. division of the Texas department, was key speaker.

The pool will be operated from Austin by a committee of 10 members, of which Karl Vasen, executive vice-president of Houston Fire & Casualty, is chairman.

All risks placed in the pool will be serviced by at least six companies, which will collect premiums, pay losses and handle other details.

Commission rates for pool business will be as follows: 5% for the first \$1,000 of premium; 4% for the next \$4,000; 3% for the next \$5,000, and 1% for the amount of premium in excess of \$10,000. The commission will be paid by the pool upon termination of the policy and after the premium has been fully earned.

The servicing companies selected to launch the pool are: Travelers, American Automobile, Traders & General, Houston Fire & Casualty, Texas Employers, Liberty Mutual and Employers Mutual Liability.

The governing committee of the pool has employed H. F. Raynesford, formerly with Commercial Standard of Fort Worth, as manager.

Garland A. Smith, Texas casualty commissioner, in outlining the principles and aims of the plan to the San Antonio Insurance Exchange, urged producers to make a determined effort to place any canceled policy, as well as any new business, through normal channels before seeking the facilities of the pool. He deplored reports that many responsible agents have refused to cooperate in securing coverage through the Texas automobile assigned risk plan, and cautioned that regardless of any justification to this action, the results can be detrimental "not only to the agency system but to the insurance industry as a whole."

"I can assure you, without fear of contradiction, that neither the public nor the legislature will sit idly by and see Texans who desire these types of insurance go unprotected," Mr. Smith was referring to the workmen's compensation and motor vehicle safety-responsibility acts of Texas.

"One of the first requisites that I laid down for the creation of a facility to handle distress workmen's compensation risks in the summer of 1952," Mr. Smith said, "was that there should be a definite place for the producer or agent in the arrangements . . . My insistence on this point possibly had something to do with our failure to get a voluntary plan in operation for assigning workmen's compensation risks in the latter part of 1952."

He warned the agents that failure to discharge their responsibility in assisting those who need help will defeat the purposes of the plans. "The disturbing angle to me is that some of the very agents who should have the interest of the agency system at heart have dodged this duty."

"Texas has had more than its share of under-financed companies, which in at least one instance were organized for promotional purposes. Such companies feed on this (distress) type of risk and the results are neither good for the business nor for the insurance industry," Mr. Smith declared.

FTC Insurance Interest May Be Further Curtailed

WASHINGTON—Because of reduced funds for the federal trade commission, insurance people hear that personnel of the agency in addition to those heretofore announced, who have been close to the commission's insur-

ance picture, may be injuriously affected.

While insurance work of FTC has been transferred from the insurance and trade-mark division to a new division on special statutory assignments, officials believe that the policies of FTC regarding its activities in the field of insurance will not really develop until after former Rep. John W. Gwynne of Iowa takes over this month-end as a commission member succeeding Stephen Spingarn. This change will insure, for the first time in many years, a Republican majority on FTC.

It is thought the commission may decide to take a new look at insurance and its jurisdiction with respect to that industry under public law 15. Under Democratic administrations, the viewpoint is said to have been generally toward enlarging and expanding that jurisdiction and the scope of FTC insurance activities.

Mass. Agents Ready for Annual Oct. 20-21

The program for the annual meeting of Massachusetts Assn. of Insurance Agents Oct. 20-21 in Boston has been completed. It will open with a get-together luncheon at which Dr. Charles F. Phillips, president of Bates College, will speak. In the afternoon Charles W. Tye, tax counsel of Royal-Liverpool, will discuss tax problems of agencies, and Robert J. Vanderbeck, assistant manager of Eastern Underwriters Assn., will talk on the fire insurance public relations program.

The annual banquet will be held the first evening.

On Oct. 21 at a local board advisory council breakfast Magnus A. Carlberg will preside. A business meeting will follow, including the election. At the closing luncheon Maurice G. Herndon, Washington office manager of the National association, will discuss the Washington situation.

Convention Dates

Oct. 5-8, Bureau of A. & H. Underwriters, annual, Seignior Club, Montebello, Cal.

Oct. 5-9, International Assn. of Industrial Accident Boards and Commissions, annual, Hotel Del Coronado, Coronado, Cal.

Oct. 8-10, Colorado Insurers Assn., annual, Broadmoor hotel, Colorado Springs.

Oct. 11-14, Federation of Mutual Fire Companies, annual, San Francisco.

Oct. 11-15, Natl. Assn. of Mutual Insurance Companies, annual, San Francisco.

Oct. 12-14, Ohio Agents, annual, Toledo, Secor hotel.

Oct. 12-14, National Assn. of Mutual Insurance Agents, annual, La Salle hotel, Chicago.

Oct. 14, Connecticut Agents, annual, Hotel Bend, Hartford.

Oct. 14-16, Insurance Accountants Assn., annual conference and business show, Bellevue-Stratford hotel, Philadelphia.

Oct. 18-20, Kansas Agents, annual, Broadview hotel, Wichita.

Oct. 19, Rhode Island Agents, annual, Sheraton-Biltmore hotel, Providence.

Oct. 19-21, Wisconsin Agents, annual, Schroeder hotel, Milwaukee.

Oct. 19-21, S.E.U.A., semi-annual, Pinehurst, N. C.

Oct. 19-21, Western Underwriters Assn., White Sulphur Springs, W. Va.

Oct. 19-23, National Safety Congress and Exposition, National Safety Council, annual, Chicago.

Oct. 20-21, Massachusetts Agents, annual, Sheraton Plaza hotel, Boston.

Oct. 22-23, Tennessee Agents, annual, Patten hotel, Chattanooga.

Oct. 25-27, Arizona Agents, annual, Westward-Ho hotel, Phoenix.

Oct. 26-27, Missouri Agents, annual, Hotel President, Kansas City.

Oct. 29-30, Nebraska Assn. of Insurance Agents, Hotel Fontenelle, Omaha.

Nov. 2-4, California Agents, annual, Biltmore hotel, Los Angeles.

Nov. 3, Insurance Federation of Illinois, luncheon, Palmer House.

Nov. 4-5, Maryland Agents, Lord Baltimore Hotel, Baltimore.

Nov. 5-6, Michigan Mutual Insurance Agents Assn., Statler hotel, Detroit.

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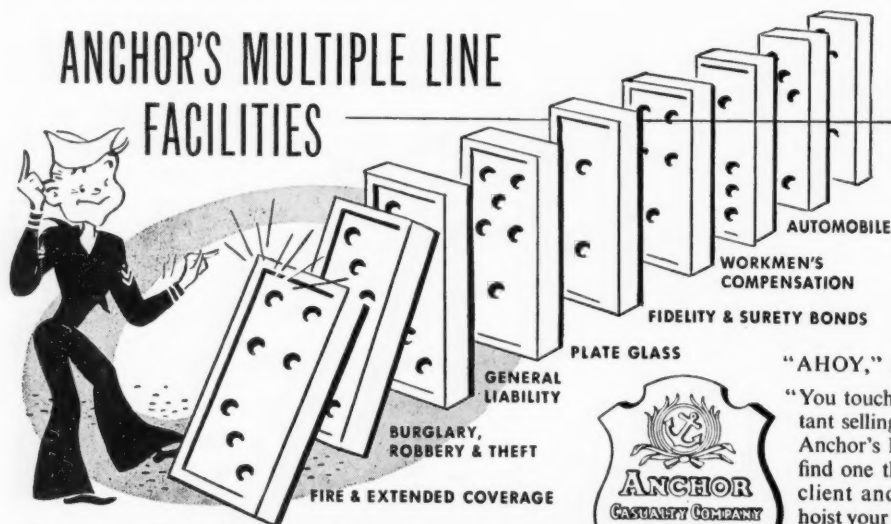
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Business Examines Future of Trade Organizations

(CONTINUED FROM PAGE 19)

cut the pattern, set the standard; agents and public would become utterly confused with the multiplicity of rates and forms and practices, commissioners would become inundated, unable with limited staffs to cope with so multifarious a business, and someone would have to step in and reestablish order.

The other day an agent said to a company man, "We have six types of dwelling policy. Which one do you recommend?"

The non-conformists to some extent pattern their non-conformity to what the conformists do and what they charge for doing it. They tie their difference in rates and often in forms to the organization companies. The latter establish the point of departure. Sometimes they suffer in a territory until the organization moves, not wanting to change their differential—if it is 10%, they want to keep it 10%.

The problem is not whether there should be organizations. There have to be, run by the companies themselves or by the commissioners.

There seems to be general agreement on the need for a policy creating organization of some kind. That becomes more evident every day—with multiple line underwriting, commissions, competition of all kinds, multiple location rating, package policies, public relations, declarations of independence by more companies, etc. The demand and need for leadership never was sharper, the opportunity to exert it never greater.

This is not surprising, considering conditions that are current today and the fact that the business now must depend on leadership and not on the disciplines (and rewards) exerted by organizations in the old days. Actually there is undoubtedly more leadership being exerted today by the individual company executive.

But the general view is that more needs to be exerted, that executives are going to have to have more courage.

Some believe that with the kind and number of problems facing the associations and their members currently it is idle to talk about saving money in associations, that it is simply going to cost more to find the right answers, and that this cost is a trifle compared with what the right answers would do for the business. It will be more expensive to do a better job through associations, but it will cost a whole lot less than it will to make mistakes at critical times or, what is regarded as even more dangerous, to fail to get aboard the right boat until it is too late. It is just as foolish to talk about saving money here as it is to concentrate most work in research on ways of cutting the expenses of handling business—to the virtual exclusion of effort to improve the product, claim settlements for example.

The business used to be ruled by the will of the majority; it didn't have to be right. Today it has to be right.

It seems to be generally agreed also that the trade associations in insurance need some repurposing, redirecting and perhaps revitalizing if they are to overcome the loss of police power. Many are discussing this problem. Should they try to become rating organizations like SEUA? Or should they turn their attention to research and similar matters? Can research re-

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place police power in attracting, retaining, and disciplining members? Can they harmonize and centralize research and get some of it done? Can an organization, by investigating and collating the experience of various companies, come up with such answers as to provide effective guidance in policy making? Will enough sound information produce policies similar enough to provide a standard?

For example, can the regional fire bodies provide the raw materials of leadership and thus bring their prestige and influence back to the old high level by producing information in such a manner that their members can see and therefore pursue the highest standards of business efficiency and economy? Can they effectively improve rating methods and make rating levels more realistic? Should they get into municipal grading, encourage the establishment of efficient water supplies, promote proper building ordinances, work on loss prevention, provide insurance departments with information that will lead to sounder decisions there, promote the improvement of underwriting methods, encourage ethical conduct, foster fair trade practices?

For example, it would be an advantage not to have four different insurance clauses. Coverages could be standardized along with their exclusions. The fire term rule might be modernized. Much research has to be done to supply the direction and facts for reduction of individual company expense of doing business.

How about a thorough, objective analysis of functions, with a view to regrouping them on a multiple line basis, under as few organizations as can realistically be justified?

What is a trade association, anyway?

It is an aggregation of like units with similar problems and interests brought together to do something for those units that each cannot individually do for itself at all, or as economically, or as well.

Among the purposes of a trade association in the insurance business are to provide a forum for the exchange of ideas on common problems, to deal with legislative matters and with regulatory authorities, to standardize coverages, to find out what influences policyholder and public relations and what can be done to improve such relations, to set up and conduct research of various kinds, to watch and try to improve trade practices, to provide a means of exchanging information, and above all to gather information.

An organization must have a clear purpose that is well defined, one that can be realized and that reflects the conditions of the times for the business or that phase of it in which the organization is going to operate. This seems simple, but quite possibly the purposes of existing organizations should be reexamined and revised to fit today's circumstances. Such a revision, or even simply a restatement in current terms, would do much to help some of them.

Volume of effort won't make up for quality, and if the group sets too large an objective for itself, it is likely to fail. Organizations shouldn't try too much and should have plenty of money and staff to do a good job within clearly defined and well restricted limits. In a sense, the future of organizations and the organization way of doing business is at stake in this.

For example, a national policy-

a Service built upon Faith



With American you can offer your policyholders:

1. A specialized department for handling their individual glass problems
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3. Fast, reliable replacement service—usually the same day
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American is an organization dedicated to Service. Every member of our staff—from office worker to glazier—is trained to render a special type of efficiency in routine or emergency work.

"Recognition Merited By Our Service"—the familiar trade-mark of American—is another way of saying . . . "a Service built upon Faith".

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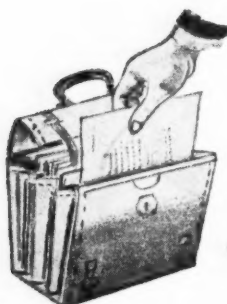
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National Notes for Producers

How to Use A Fieldman

If you have difficult problems, let the fieldman know about them *before* his next visit. Then, when he visits your agency, you can make good use of his knowhow. He can help you with file- and desk-organizing. Or with policy interpretations, rating matters, classification of risks. Or with such matters as engineering and safety work for fire and casualty—and with loss adjustment and valuation problems. And he can help you *sell*! He can help ascertain the best markets for different types of insurance—and act as service expert to convince hard-to-sell prospects. Yes, our fieldman is *trained* to serve agents. Make use of his training. At your service . . . the National of Hartford Group fieldman!



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IT LETS THE PEOPLE SHARE

The Insurance Company of Texas threw open the door of opportunity to the American people. By offering working men and women the opportunity to own their own insurance company—to do business with themselves—the ICT has had phenomenal growth.

Because these people have been quick to seize this opportunity, they are sharing in the profits of their company—and so are more than 3300 ICT agents in 21 states! The high-level production of these ICT agents is proof that a sound idea—an idea based on a grass-roots philosophy—still opens the door to success in America.

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shaping organization, it is said, should not be concerned with such minute matters as fire rate schedules for a class of business. But it might very well devote some attention to the reconciliation of national differences in rates that cannot be justified by differences in current local conditions.

A paid executive staff should be adequate to appraise the situation, balance the points of view and come to a judgment of what is in the interest of the public and business to do. The manager then presents the facts to his governing body, which makes policy by approving or disapproving. The executives can return to their offices to work for their own companies. They are not burdened by the detail of sitting for months in meetings of committees to arrive at a decision.

An organization must be staffed adequately to bring all the facts together to come to an intelligent decision.

Thus with a sound, well-defined general purpose, the solvent is fact and more fact. It is not, as it has been at times in fire and casualty, a big decision based on whim, a floundering as the facts become clear, and a re-decision.

The manager has to take authority, he must assume responsibility for his actions. His principals always have the right to overrule him, but in the main they are going to follow the indications of the findings that he and his staff have made. Those findings have an indication of their own, interpreted by the manager and staff.

The manager must have leeway to make mistakes, though he must be more right than wrong. But the very worst mistake is to do nothing at all, or very little.

Too, the individual or company must surrender some of his or its independence. Any organization that is going to deal with controversial issues, to be successful, must get from each member some of his sovereignty, his independence. The insurer or individual cannot be 100% individualistic and an organization unit at the same time. He must live with decisions he opposes. He must go along or get out; otherwise the organization will slow down and eventually founder.

But in organizations, as in marriage, it is an error in logic to assume that an individual or company can be reformed by getting him or it to join up. The company has to be a good organization company to start, and that means that it will abide by majority decisions.

Install Nashville Officers

Insurers of Nashville have installed J. R. Jackson, Jr., as president; Thomas W. Jarrell, vice-president, and Harry W. Wade, Jr., secretary. Retiring President Mark Bradford, Jr., was presented a certificate of service.

Coast Accountants' Program

The program has been completed for Pacific Coast Insurance Accountants Conference at San Francisco Oct. 14. Speakers include Commissioner Maloney of California, R. D. Huntton, director of Corona Laboratories, National Bureau of Standards; Carl N. Homer of the Deans & Homer general agency on "Observations on Present Conditions in the Insurance Business"; and Fred N. Merrill, vice-president of Fireman's Fund, on "Internal Operating Problems."

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Counsel of Courage, Optimism Given by Ewing

(CONTINUED FROM PAGE 1)

tage in acquisition costs enjoyed by the specialty companies is in time bound to shrink. In 1952, the acquisition cost for one such company could be broken down into about .5% of premiums for commissions and about 18% for other costs, which included their aggressive advertising and merchandising campaign. At the same time the stock companies' acquisition costs resolve themselves into about 20% of premiums for commissions and 6% for other costs. That shows where the stock companies place their emphasis in the sale of automobile insurance. As time goes on, he said, the newcomers will be faced with the problem of rising costs and with increased competition in rates; they will have to offer their salesmen more attractive commissions. Then the orthodox stock companies will have the strong advantage of offering the expert service and counsel of trained agents and ultimately the scales will be balanced in the matter of rates.

"Then our competitive advantages will make themselves mightily apparent. And the most important of these is you, the agent. The agent is the unique and crucial factor which the other companies cannot offer. The agent must make known the importance of his services with each policy he sells." By doing business over the phone or through the mails, the agent tips the scales back again in favor of those specialty companies which send out door-to-door canvassers, or provide personal contact of a salesman behind the counter.

"We will never recognize these people as agents; and if you make the agent a truly important part of every insurance contract, the public, too, will be unwilling to accept an unskilled substitute for the vital service you perform."

Mr. Ewing said the salesmen for other types of companies are mere middlemen in a cash transaction. They do not advise and don't have a responsibility towards their customers. The insured in respect of his policy can never call on the salesman when he may need him most. A substantial factor in the price differential quoted by competing companies represents the difference in the degree to which they consider their producers worthy of compensation.

Mr. Ewing said he is amazed that New Jersey with its progressive insurance tradition, has refused to adopt retrospective plans and graded expense programs that have been accepted in every other state except Arizona. These plans, he said, are an absolute necessity in saving W. C. business for stock company agents. The agent who is writing more and better business at perhaps a lower rate of commission is in a far sounder position than the one who is struggling to hold on to a few old standbys at an excessive rate of commission. Large premium insured are simply not going to pay out the tremendous sums necessary to cover commissions under present schedules. This good, expanding business is going to be lost to the agent and to the stock companies either to companies whose commission rates are already low or to state funds. In other states where retrospective rating plans are in effect there has been a general strengthening of compensation business.

Mr. Ewing sounded a very optimistic

note when he said that there are definite indications that the future in the insurance business will be as good or better than the experience of the recent past. If the end of Korean hostilities means a thawing of the cold war situation, the U. S. could embark upon the greatest private, civic and industrial expansion in its history. This, of course, would hold rich prospects for insurance.

A shrinkage of military spending will demand that the framework of our economy be filled out and given the muscle of civilian spending. Schools, public utilities, homes, factories, roads, dams and other developments are needed in great numbers. The agents must keep abreast of the times to follow the trend of national expansion and make sure it is covered in all its phases by proper forms of insurance.

Then Mr. Ewing switched over to the question of the so-called packaged property policies in which there is combined third party liability coverages and with an indivisible premium. He said from present experience he does not see a drastic need for creating a single premium package policy of this sort. "We entertain doubt as to the demand or desire of the public for such a contract," he said. In some states agents are meeting a highly competitive situation where an artificial demand for these coverages has been stimulated, but there is doubt whether public response to package policies is at present more than lukewarm and some agents have felt that by selling this they are playing into the hands of the direct writers.

Companies writing packaged property coverages are inevitably going to force down fire rates on the most desirable risks. This will force upward all other classes of risks and will reverse the trend in fire insurance which has seen a general climate of rate reductions with 15 major cuts since Jan. 1 of this year. Packaged policies have definitely brought about appreciable reductions percentage-wise in commissions. Against this is the claim that the reduction is somewhat balanced by the higher overall premiums of these policies but such a claim Mr. Ewing said is not a solution to what may become a general trend toward declining commissions in the property field.

If the public demand is strong enough and highly competitive circumstances warrant it, some acceptable compromise will be reached, but he vouchsafed if the agent performs his programming task satisfactorily with present forms there will be little significant demand for drastic innovation. The present widely diverse contracts are sufficient to meet every need, but if some agents let the situation get out of hand, if they default on their responsibility towards their clients, there will naturally be pressure applied for a single policy that will automatically seal gaps in the wall of protection left by those who could not or would not seal them up. The packaged policy should be studied with infinite care before the companies are stamped into such a form of underwriting.

Washington Safety Meet

Washington Assn. of Insurance Agents has been invited to participate in the state's annual highway and traffic safety conference, to be held Oct. 8-9 at Olympia. This "Governor's Conference" will have panel discussions on all phases of traffic safety. Chairman is John Hoban, coordinator of Seattle's vehicle safety committee.

Herd Gives Timely Comments at La Rue Lunch

(CONTINUED FROM PAGE 16)

way of an alternative and attention is currently being given to plans designed to handle hit and run drivers, out-of-state cars, unauthorized drivers, etc.

So far as America Fore is concerned, he said that the casualty premiums in August were up about 30% and for the year about 27%. On a unit basis the increase was about 7% so that most of the increase is due largely to higher rates. The anniversary of the biggest bulge due to rate increases will be this month or next, he estimated, after which income should level off to a plateau.

The unearned premium reserve has been voracious. It was up \$11 million in respect of Fidelity & Casualty operations for eight months and the loss reserves were up \$7½ million. Despite that the statutory underwriting loss was only \$1,400,000 in the casualty company.

If present automobile and workmen's compensation rates are anywhere near adequate, the casualty results for the next year or so should not be too unsatisfactory. America Fore has felt a sense of obligation to be lenient in assuming underwriting loads in the automobile field along with several of the other principal stock company markets. This has been regarded as necessary in order to help prevent a serious vacuum developing because of limited underwriting facilities. There are companies that are not able to finance an increase in business and it has not been feasible for them to add to their resources because investment houses have shied away from marketing casualty issues due to the indifferent record there has been in this field. He indicated he is not seriously disturbed by the premium growth of some of the unconventional insurers. They are tending to prevent market stringency at this critical juncture.

On the property insurance side he said the premiums for the eight months for the America Fore fire companies were just about the same as for last year. Despite absorbing \$5½ million of catastrophe wind losses and General Motors loss, there was a statutory underwriting profit of about \$2 million. Overall, counting the \$1,400,000 casualty underwriting loss, there was a \$600,000 profit. Unearned premium reserve is still rising and on the property insurance side was up \$4 million for the eight months. This gives an overall increase in unearned premium reserve including casualty of about \$14½ million. He said if it hadn't been for the annual installment premium plans, America Fore fire companies would have taken in about \$25 million more in writing premiums during the last year and a half.

Desmond in Local Agency

Paul Desmond has resigned as special agent of Great American at Louisville, and will go to Bellevue, Ky., to join his brother, Walter Desmond, in his agency there, which will become Desmond Brothers.

R. I. Program Given

The program is announced for the convention of Rhode Island Assn. of Insurance Agents at Providence Oct. 19. There will be an afternoon session at which will be presented a skit "It's 3 D for Me!" featuring J. K. Cormack, local agent at Providence, Howard F.

Wheelock, local agent of Apponaug; E. J. Routhier, Jr., bond manager of C. W. Knibb Co. of Providence, Mrs. Sophie Carey of Woonsocket and James J. Warburton of Providence, who will be the narrator. There will be an open forum discussion on insurance office procedures, with Don S. Paige as moderator. The panel members are Oscar Beling of Royal-Liverpool, Carleton I. Fisher of Providence and E. A. Rock of Remington Rand. The banquet speaker will be George Malcolm-Smith, assistant advertising manager of Travelers, on "The Spites of Life."

Ray C. Fox Is Given Warm Salute at 50-year mark

The party for Raymond C. Fox of the Fox & Fox agency of Indianapolis on his 50th anniversary in the insurance business was a gala affair at Indianapolis Athletic Club. The company men that were attending and that brought gifts presented them to him at his office in the afternoon and then



there was a cocktail gathering and sumptuous buffet. In the picture Mr. Fox is at the left and President J. Dougherty Mahon of New Amsterdam Casualty is at the right.

Mr. Fox sold his first insurance policy to a business man while still a student at Manual high school. He is still writing insurance for this man who is John Schoenholtz, head of Indiana Chemical & Manufacturing Co., and Mr. Schoenholtz was at the anniversary party along with other of Mr. Fox's earliest insured.

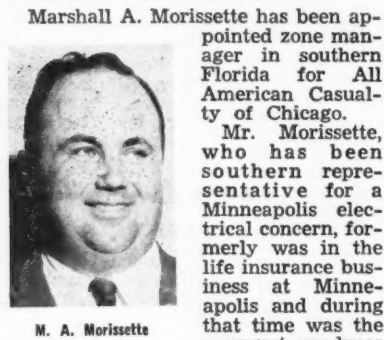
In 1905, Mr. Fox went with the insurance department of the old Central Trust Co., and the next year went with the George H. Moore Co. In 1927, the firm of Moore & Fox was formed and in 1934 his son, the late R. Michael Fox, became a partner in the firm and the title was changed to Fox & Fox. A second son, David J. Fox, became an active member in 1946 following discharge from the army. A son-in-law, George Schnieders, joined the agency this year.

The company people attending besides Mr. Mahon, were: A. Reid Johnson, superintendent of agents of New Amsterdam Casualty; E. H. Forkel, vice-president; C. L. Zook, associate western manager, and R. H. Osborne, assistant western manager of National of Hartford; Glen L. Pickens, vice-president of Phoenix of Hartford; James R. Graham, resident vice-president of U. S. Aviation Underwriters, Chicago; B. A. Bradenbaugh, U. S. Aviation Underwriters, Chicago; Donald E. Tefft, western manager Providence Washington, and H. F. Gregg, regional manager of Royal-Liverpool, Chicago.

William L. Clark, manager of the W.C. & O.D. Rating Bureau of Indiana, was speaker at the Monday luncheon meeting of Evansville Assn. of Insurance Agents.

ACCIDENT

Morissette Takes Florida Post for All American Cas.



M. A. Morissette

Marshall A. Morissette has been appointed zone manager in southern Florida for All American Casualty of Chicago.

Mr. Morissette, who has been southern representative for a Minneapolis electrical concern, formerly was in the life insurance business at Minneapolis and during that time was the youngest producer to become a member of the Million Dollar Round Table for life insurance production.

His headquarters for All American will be at Key Biscayne.

Mich. to Treat A.&H. Policies As Continuous Contracts

LANSING—The Michigan attorney-general's department has given Commissioner Navarre a ruling that A. & H. and hospitalization contracts written under the time-limit incontestability clause that becomes mandatory Jan. 1, 1956, are to be treated as continuous contracts like a life policy and that renewals are not to be regarded as the commencement of a new contract. This corrects an earlier opinion, No. 1570, based on incomplete information, that treated such policies like a one-year fire insurance policy. Under that interpretation the statutory two-year limit would have meant that no policy could ever become incontestable.

The new law, based on the standard provisions model statute, applies to all policies issued after Jan. 1, 1956, but may be followed optionally now. About half the companies are doing so. Michigan has had a two-year contestability limit since 1949 and this time is carried over into the new law, even though the standard provisions model is three years. The new opinion of the attorney-general doesn't mention policies currently being issued under the 1949 law but presumably the same reasoning would apply. At any rate, insurers have been treating their policies as continuous contracts and not taking advantage of the loophole in the earlier opinion.

Weigh Cal. A. & H. Group

A California Association of A. & H. Underwriters was proposed by A. & H. Underwriters Assn. of Los Angeles at its first meeting of the season. Membership in the state group would include the San Francisco and San Diego associations as well as Los Angeles.

Considering the problem of hospital and medical reimbursement in case of an accident was a panel consisting of William E. Leiby, California manager for Massachusetts Indemnity; Harry Anderson, Occidental Life of California; and Jud Dibble, general agent for Provident L. & A.

Stumpf Milwaukee Speaker

Charles B. Stumpf, Illinois Mutual Casualty, Madison, Wis., past president of International Assn. of A. & H. Underwriters, spoke on "The House of Life" at the Oct. 1 luncheon meeting of the Milwaukee association.

Revise Group Digest

An up-to-date revision of the 1945 edition of H. & A. Underwriters Conference Group Insurance Digest has been mailed to member companies. J. E. Hellgren, Lumbermens Mutual

Casualty, was chairman of the special subcommittee responsible for bringing the 1945 edition up to date.

The 63-page booklet describes various types of group policies and certain group underwriting and claim practices of individual companies pertaining to each class or type of coverage. New subjects given attention are major medical, compulsory insurance, group insurance in Canada, hospital admission plans and creditor insurance. Several other sections have been reindexed.

Mass. Mut. Offering Group Package Disability Plan

Massachusetts Mutual Life has brought out a package group insurance plan of non-occupational disability benefits, available to groups of 10 to 24 employees. It includes weekly A. & H. benefits for employees plus hospital, surgical and medical expense benefits for employees and their dependent wives and children.

The standard plan includes all four basic coverages, while the alternate plan includes all except the employee A. & H. benefits. Maternity benefits are available under the hospital and surgical coverage. The plan provides \$25 weekly A. & H. benefits to a maximum of 13 weeks, reimbursement up to \$8 per day for 31 days, with an additional \$160 available for miscellaneous hospital services; a maximum of \$200 for surgical expense and \$3 per hospital visit by the physician to a maximum of \$93. Plans may be underwritten on a non-contributory or a contributory basis.

Plan Group A. & H. Seminar

Bureau of A. & H. Underwriters will conduct a seminar on group A. & H. insurance at New York next Feb. 2-3. Arthur M. Browning of New York Life is chairman of the educational seminar sub-committee in charge of the program.

Farmers of L. A. Jubilee

Farmers Insurance Group of Los Angeles is holding a jubilee Sept. 27-Oct. 3 at Los Angeles, marking its silver anniversary.

The gathering starts off with a luncheon Sept. 28, addressed by President T. E. Leavey, and Chairman John C. Tyler. Then there will be a reception at the home office in the afternoon and on Sept. 29, Sept. 30 and Oct. 2 there will be morning business sessions and Oct. 1 there will be Catalina Island boat trip and in the alternative an Orange Grove trip for the non-salty element of the Farmers. The big banquet is Oct. 2. An attendance of 700 is expected, including qualifying agents with their wives, district managers and home office officials. There will be 26 states represented.

Sue Fidelity Insurers

Carl Baughman brought suit in federal court of Tampa for \$400,000 against New Amsterdam Casualty, and \$250,000 against Maryland Casualty for alleged liability under fidelity policies on the bankrupt Lee Terminal & Warehouse Corp. Baughman is trustee-in-bankruptcy of this concern. He charges that the losses that led to bankruptcy were caused by fraudulent actions of employees.

Buck Kan. Deductible

A number of local agents at Emporia have filed a request with Commissioner Sullivan of Kansas to suspend the approval of the \$50 windstorm deductible that went into effect Sept. 26. They sent a telegram charging that this provision is not in the public interest.

J. W. Lewellen, 83, has retired as secretary of Monroe County Farmers Mutual, Paris, Mo., after serving in that capacity for 43 years.

FIELD

Hanover Shifts R.P. White to North Indiana Field

Hanover Fire has transferred State Agent R. P. White from the central and southern Illinois field to northern Indiana where he succeeds E. J. Wolaver. Mr. White will have his headquarters at South Bend.

Mr. Wolaver has purchased an interest in the Jones agency at Elgin, Ill.

Following several years with Missouri Inspection Bureau, Mr. White served as an air force navigator during the war. He joined Hanover as special agent in Wisconsin in 1945 and was transferred to Illinois as state agent in 1949. He is a C.P.C.U.

Hear Grand Nest Report

The Alamo Blue Goose, San Antonio, heard George McKinney, T. A. Manning & Son, most loyal gander, report on the grand nest meeting at Winnipeg.

The pond will have a party Oct. 26, with members of the auxiliary as guests, which will take the place of the regular October meeting.

Ohio Auxiliary Elects

The women's auxiliary of the Ohio Blue Goose held its first luncheon of the season at Columbus. New officers are Mrs. Harry L. Krieger, president; Mrs. David Taxter, 1st vice-president; Mrs. Ralph Hartwell, 2nd vice-president; Mrs. Homer Rubrecht, secretary, and Mrs. V. M. Niederlitz, treasurer.

Trost Wisconsin Speaker

Elmer F. Trost, Factory Insurance Assn., Chicago, will address the quarterly meeting of Wisconsin Fire Underwriters Assn. at Milwaukee Oct. 5. That evening the association will hold a dinner honoring Lloyd S. Wallace, Jr., Niagara, immediate past president, who will be presented a service pin.

Ohio I.U.A. to Hear Dithmer

Walter Dithmer, assistant manager of Western Underwriters Assn., Chicago, will address Ohio Fire Underwriters Assn. at Columbus Oct. 6.

Bruick Ohio Special Agent

Herbert P. Bruick has been appointed special agent in southeast Ohio, for Royal-Liverpool, with offices at Columbus, which he will share with J. W. DeCessna, who is in charge there. He is a graduate of the company's special agent training school and has had several weeks' training at Cleveland.

Parker Is Alamo Speaker

Alamo Field Club, San Antonio, heard a review of the fire insurance rate hearing at Austin by Norris Parker, manager of Texas Insurance Checking Office and Texas Insurance Advisory Assn.

A report was made on plans for a joint inspection of Kingsville by the Alamo and Corpus Christi Field Clubs, Nov. 4.

Guests at the meeting included Jack Maguire, director of public relations Texas Insurance Advisory Assn.; William Clark, assistant fire actuary of the Texas department, and President T. R. Mansfield of Gulf.

Purcell Goes to Okla.

W. H. Purcell, Jr., has been named by Great American as farm and hail special agent in Oklahoma with headquarters at Oklahoma City. Mr. Purcell is a veteran of the last war and has

been in the local agency business. He joined Great American early this year and has had training at Chicago in crop-hail loss adjustments.

E. C. Clark, Jr., Is New Ga. Field Men's President

Eugene C. Clark, Jr. of New Hampshire Fire was elected president of Stock Fire Insurance Field Club of Georgia, at the convention at St. Simons Island. Bockover Toy, former state agent of Scottish Union, who retired July 1 was elected a life member. The new vice-president is Sam E. Taylor of Seibels, Bruce & Co.; secretary is John D. Ambrose, Northern of England, and treasurer is Joseph R. Mangan of American.

Schacht Minn. State Agent

Edwin H. Schacht, Jr., has been named state agent for Minnesota of the Ins. Co. of Texas group.

Ex-N. J. Field Dinner

The first annual banquet of Ex-New Jersey Fieldmen's Assn. will be held in New York Oct. 26. Harry W. Kohler of America Fore, the president, will act as emcee, and 50-odd members will be inducted.

Blue Goose in Ind. Initiate

The South Bend puddle was host at an initiation meeting of Indiana Blue Goose. Among those in attendance was J. Ray Hull, vice-president of American States, a P.M.L.G.G.

Pines Resort on Lake Winnibigoshish, near Deer River, will be the scene of the fall hunting and fishing party of Minnesota Blue Goose Oct. 9-11.

Public relations got the major attention at the monthly meeting of Minnesota Fire Underwriters Assn., at Minneapolis. The association is mapping an ambitious public relations program for the coming year.

Embezzlement Study Made

An analysis of recent losses due to employee defalcations was presented by E. Vernon Roth, secretary of Surety Assn. of America, at the annual staff training program of Peat, Marwick, Mitchell & Co., certified public accountants. The program was held at Pace College, New York.

Mr. Roth gave the highlights of embezzlements of recent occurrence which were of specific interest to accountants, pointing out that the resourcefulness of employee embezzlers, particularly those in positions of greater responsibility, presents a challenge to accountants and auditors whose function it is to discover the defalcation.

Fred Wulffing, P.M.M. partner related audit procedures to the embezzlement cases under discussion.

N. W. Hail Record Good

MINNEAPOLIS—The hail insurance record for 1953 in this territory on the whole has been a good one for the companies. Volume in Minnesota, North and South Dakota approximated \$7 million, a substantial increase over last year, with Minnesota up about 20%. Loss ratio in Minnesota was about 60% while in the two Dakotas it was under 50%, field men report.

The North Dakota state hail fund reports total losses at more than \$3,400,000 with more than 7,700 claims filed. Last year the fund paid out \$2,739,535 in losses.

Michigan Claim Service announces that it has taken over many of the in-process files of Michigan Adjustment Bureau which ceased operations in all offices and branches as of Sept. 1.

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Eyes Problem of Union on National Issues

(CONTINUED FROM PAGE 20)

—neglecting to appoint someone from a state, replacing a chairman who has served well but whose place should be given to a new man, etc. This is a good example of the type of internal procedure in NAIA which consumes entirely too much of the time of officers and staff and which results in hidden real expense.

Referring to the controversial agency management committee study, he said that the unit headed by Arthur Schwab of Staten Island has produced results which will prove the work of the committee to have been fully justified.

A special committee headed by Joseph Neumann of Jamaica, L. I. to work with companies to find a solution to the uninsured motorist problem within the principles of insurance has been at work, Mr. Sheldon said. There is, however, considerable difference in the thinking of various elements in the business. NAIA representatives, however, have insisted that a solution of the problem brought about by the uninsured motorist is a must. He still hopes an answer will be found within the business that will eliminate the current demands in several states for compulsory or unsatisfied judgment fund laws.

Mr. Sheldon is convinced that the time has arrived when the members of NAIA must stand together on the treatment of production cost allowance, an important factor in all rates. He said agents must continue to support the companies in opposition to the move of some supervisory officials to have uniform accounting related to rate making. He said NAIA is opposed to the position taken by National Bureau of Casualty Underwriters at a meeting Aug. 27 "that the total production cost allowance in the manual rate structure must be reduced". There is to be further study and meetings with producer groups on this point.

He said NAIA is extremely hopeful that as a result of its efforts the federal reserve bank system will continue to carry fire and extended coverage insurance on their properties as in the past, though there has been agitation in the system for a self insurance scheme.

Agents Needn't Fear Federal Regulation, Ferguson Says

Senator Homer Ferguson of Michigan drew hearty applause when he said in his address at the N.A.I.A. convention at Washington that agents need not fear federal regulation, for the time being and under the present administration. The efforts of this administration are to return functions of government that properly belong there to the states and the people, he said.

He was also roundly applauded when he said that the present administration believes it can conduct its business of government at less expense than previous administrations, and that taxes are coming down. With the big government debt and high taxes, the government is a partner and an expensive one in every business in the country, he said.

Gardner Joins Quinn

Frank J. Quinn, operating an independent adjustment office at Lexington, Ky., is adding a casualty department in charge of J. P. Gardner as associate manager. Mr. Gardner has

had 18 years casualty adjustment experience. He was formerly with Hartford Accident in the south, later operated an independent adjustment office for five years at Lexington, and then was for seven years with American in charge of its claim department there.

Mr. Quinn was for 22 years with Western Adjustment and was manager at Louisville office before establishing his Lexington office in 1950.

Expenses Exceed Income for First Time in Seven Years

For the first time in seven years the finance committee of N.A.I.A., headed by Harry T. Minister of Columbus, O., has not been able to report income greater than expenses. The latter, exceeded the former by \$8,951 in the operating account, largely due to increased rent, service to 1,335 more members, more activity of committees, disappearance of profit on conventions, etc.

The Cleveland convention showed a net loss of \$281 and N.A.I.A. gets no income from the midyear, since registration income goes to the territorial conference with which it is held. However, allocation per member was \$7.69 in 1953-54, up only a few cents from that in the preceding two years.

The report urged the practice of economy by committees but at the same time declared that members receive more talent, ability and accomplishment for the money they spend on expenses of committees than for any other money they spend. And in spite of the deficit in the operating account, N.A.I.A. is in good shape financially, with a very healthy contingent reserve fund.

Eckhouse Now on Own

Robert D. Eckhouse who served in editorial and public relations capacities with National Assn. of Insurance Agents and Assn. of Casualty & Surety Companies, has formed his own public relations and advertising and consulting firm at New York. He has been director of public relations and advertising for Babaco Alarms System for the past four years and will handle Babaco on an account basis now. He is a graduate of Rutgers and was a major in the last war.

"Rural" Coast Site for U. L.

Contracts have been signed for construction of the projected west coast testing station of Underwriters Laboratories at Santa Clara, Cal. The building will be located on a seven-acre tract previously purchased by U. L. When completed in the fall of 1954 the facilities and personnel from the San Francisco office will be moved to the "rural" location, 50 miles south of the city.

Hear Lathan at Hutchinson

R. B. Lathan, Wichita, North America state agent, addressed a special meeting of Hutchinson (Kan.) Insurance Board on the new Kansas filings which include the \$50 EC deductible. W. E. Hulise was announced as fire prevention committee chairman.

Hamilton Thatcher Resigns

Hamilton Thatcher, vice-president and marine secretary of Founders at the home office, has resigned effective Oct. 15. He has not announced his future plans.

New Idaho General Agency

General Agency Corp. of Idaho is a new firm located in the Sonna building at Boise. Robert F. Young who was formerly in the field for Aetna in Idaho, is the president. William Jensen is vice-president and Arnold W. Bradshaw is treasurer.

CALIFORNIA RULING

Companies of Group Must All Operate on Same Basis

First National of Seattle, running mate of General, will discontinue writing business in California as of Nov. 1.

The California department has held that for two companies in the same group and under the same management to write the same class of business under differing patterns of operation is in conflict with the California rate regulatory act in respect to discrimination.

If one of the companies in a group conforms to a full Pacific Fire Rating Bureau level, and the second follows a plan of deviation or surcharge while writing the same classification, the department holds that such action is in violation of the act.

It is understood that the department is in communication with other groups on this matter.

Texas Mutual Fire, Storm Companies Elect S.N. Ekdahl

New offices of Texas Assn. of Mutual Fire & Storm Insurance Companies, elected at the annual meeting at San Antonio, are: S. N. Ekdahl, Austin, president; Fritz Barre, Yoakum, vice-president; Richard Spinn, Brenham, 2nd vice-president; George E. Kacir, West, executive secretary-treasurer.

Advantages of the standard policy contract were outlined by Floyd Herring, director of mutual assessment insurance companies of the Texas department, who declared that only one farm mutual company now uses the standard policy form. This form has withstood all legal tests, Mr. Herring said, and warned companies using their own policy forms run the risks of defending these policies in the courts, as well inability to obtain reinsurance. The latter point was stressed later in the meeting by Bryan Connell, executive assistant of Farmers Mutual Hail.

F. O. Rutledge, secretary of this company, told the association that there is a need for larger surpluses for hail companies than any others, and cited figures for 1951 which show that hail companies had premiums of \$55 million and losses of \$35 million. He also pointed to the problem of personnel in hail companies, whose business is affected by seasonal changes.

A discussion on the merits of insuring television sets resulted in the conclusion that companies would make a mistake not to insure them, but that the policy should specify no coverage on burned out tubes.

Other speakers at the two-day meeting were: Herman Begeman, director of the automobile section, casualty division of the Texas department, who discussed the Texas financial responsibility law; Russell Heston, assistant secretary of National Assn. of Mutual Insurance Companies; Ben Farrell, acting field office supervisor in the U. S. Department of Labor, and Mr. Ekdahl.

It was reported at the meeting that there are now 22 companies in T.A.M.-F.S.I.A., with approximately \$2 million insurance in force.

Marine Pack OK in Mass.

Massachusetts has adopted the new nationwide marine definition as of Oct. 1, but with two restrictions. It retains the restriction that had applied in the old definition in Massachusetts that tourist floater and personal effects floater policies shall not cover within a permanent residence of the insured. Then, again, Massachusetts will not permit the issuance of certificates for furriers for providing personal fur insurance for customers. Massachusetts specifies that furriers customers policies may cover the

property of customers only while in the custody of the furrier. This was in the original marine definition in 1933 and has been retained throughout in Massachusetts, although in most other states the definition had been amended to permit furriers to issue fur policy certificates to customers covering both in and off the premises of the furrier. So far Arkansas and Massachusetts are the only states adopting the new definition that have departed from the standard. Arkansas added historic buildings belonging to the state as property that might be insured under marine contracts.

Olmsted-Headed Group Bids for Military Life Insurance

WASHINGTON—An offer of \$120 per share for all or at least 5,000 shares of United Services Life stock is reported to have been made by a group headed by Maj. Gen. George H. Olmsted, retired Defense Department military assistance director who is an officer of the Hawkeye-Industrial group.

The offer, made through Goodwyn & Olds here, stipulates that the stock must be deposited with Union Trust Co. by 2 p.m., Nov. 2.

Mr. Olmsted, also identified with Equity Corp. and Bell Aircraft Corp., is chairman of Hawkeye-Security and Northeastern, and president of Erie, Industrial and Bankers Security Life of New York.

United Services was founded 14 years ago and confines its coverages to regular army officers, active or retired, their wives and children under 18. It had assets at Dec. 31, 1952, of more than \$9,255,000 and life insurance in force of \$105,019,000.

Over the past eight months United Services stock has ranged from \$30 to \$55 per share. There are 20,000 shares outstanding among 1,400 holders. Company directors have notified stockholders they are "completely neutral" on the bid.

Recently a Texas broker circularized stockholders offering \$75 per share.

Reports Mo. Fire Totals

In his report on 1952 operations, Superintendent Leggett of Missouri says fire premiums in the state last year amounted to \$42,978,092, while the losses paid were \$15,532,686.

In St. Louis, total direct premiums amounted to \$9,669,039, and losses \$3,760,537. Kansas City had \$6,444,310 in direct premiums and \$2,133,380 in losses.

DEATHS

(CONTINUED FROM PAGE 21)

been on the reserve list since 1935 due to a serious illness, died at Elgin, Ill. His son, Edgar Varley, is with Great American at Chicago in inland marine work.

STANLEY F. FIXA, 61, chief underwriter for Aetna Fire group at San Francisco, died at his home in Millbrae, Cal., after a brief illness. He had joined Aetna in the Pacific department 32 years ago. He was a veteran of the first war.

ZEB T. SAWYER, 70, former local agent, died at Plymouth, N. C.

DANIEL V. HURLEY, 68, retired local agent at Burlington, N. C., died.

HERBERT J. NEWMAN, 64, local agent at Milwaukee, died at Columbia Hospital.

CHARLES F. KENNEDY, connected since 1917 with the Hall & Kennedy agency, Jackson, Mich., died in Mercy hospital there.

IRVING SAPIOWITZ, 54, president and treasurer of Irving Sapowitz, Inc., Buffalo agency, died there. He founded his agency in 1925.

Late News Bulletins . . .

(CONTINUED FROM PAGE 1)

sation Insurance. He said there ought to have been a trend factor in workmen's compensation insurance as there was in automobile. He indicated his belief there is a period of deflation ahead. He said this will mean higher rates on smaller payrolls, so that the insurers "will never catch up on the millions and millions which they have lost by then." He said the direct writers have been taking on more and more casualty business and he charged they have been paying dividends that have not been earned. They have gone on the theory that they will be able to push the agency companies out of the workmen's compensation market and capture the whole field for themselves.

Simon M. Sheldon, deputy commissioner of New Hampshire, in his talk at the agents meeting told why his department is unfriendly towards the automobile classification plans. New Hampshire has resisted the introduction even of the old three phase classification plan. If the new classification plan were permitted there would be 81 different rates in New Hampshire, he declared. There would be seven rates in each territory for insured other than farmers and clergymen, four rates for farmers and one for clergymen. He contended that there would be sure to be misclassification. Incidentally, he asked why this preferential treatment for clergymen? "It must have been conceived," he answered himself, "in the hope that it would help in a small way to atone for the unjust discrimination that will result by the use of this plan." He said in New Hampshire the average rate level is below that in other comparable states and he attributes this to the fact that New Hampshire has not had classification plans. He voiced the belief that the new plan was devised solely for competitive purposes rather than to provide benefits for the motorist or to establish a sounder plan of rating.

Mr. Sheldon made the dire prediction that failure of the insurance industry to work together and produce equitable treatment and a sound basis of rating will surely lead to the insurance being provided by the state.

10 Texas Insurers Join in PR Project

Ten of Texas' independent insurers have joined to establish Southwestern Insurance Information Service. T. R. Mansfield, president of Gulf is president of S.I.I.S. The purpose, according to Mr. Mansfield, is the dissemination of actual information to the public pertaining to casualty insurance in the Southwest. Offices will be in Dallas.

Companies already members are American General, American Indemnity, Commercial Standard, Employers Casualty, Gulf, Houston Fire & Casualty, Southwestern Fire & Casualty, Superior, Dallas; Traders & General and Trinity Universal. Other companies are expected to become members.

Vice-presidents of S.I.I.S. are Karl F. Vasen, Houston F.&C.; L. R. Monday, American General, and J. W. Jordan, Commercial Standard. T. P. Flahive, Superior is secretary.

G. S. Yeagan, Trinity Universal; A. F. Allen, Employers Casualty, and E. T. Earnest, Superior, are directors along with the other officers.

Darby Hammond, Austin public relations man, is resigning as informational representative with Texas Employment Commission to become executive secretary of S.I.I.S.



T. R. Mansfield

Colonial Mutual Goes Down Drain

Commissioner Leslie of Pennsylvania has suspended Colonial Mutual Casualty of Upper Darby from transacting further business, and has referred the matter to the attorney general on the grounds that the company had a substantial financial deficit as of Aug. 31, that its assets are insufficient to pay claims and that it is in such condition that further transaction of business would be hazardous to its policyholders, to creditors and to the public. The company's office is located at 310 South 69th street, Upper Darby. Frank H. Headley was the president; H. T. Headley vice-president and John H. Way, Jr., secretary. At Dec. 31, 1951 assets were \$206,441 and surplus was less than \$10,000.

J. Carl Suverkrup Takes the Plunge

Plan to organize an Indiana insurance company to be known as Union National Fire has been delayed by a similarity of names. There is a National Union Fire of Pennsylvania and a Union National Life of Lincoln, Neb. J. Carl Suverkrup has resigned from the Indiana insurance department to organize the company, which tentatively had been named Union National Fire. Former Gov. Henry F. Schricker of Indiana will be one of the incorporators.

- Carter M. Roberts has been appointed special agent at Providence for American Surety. He started in 1951 as a payroll auditor and several months ago embarked on the special agent training program. He is a graduate of Brown and served with the air force during the last war. Robert A. Leifer has been appointed special agent at Cleveland. He joined the company a year ago as special agent trainee. He is a graduate of Ohio State.

- The August highway death toll was 3,700, which was 2% less than in August, 1952, according to National Safety Council. The first eight months the toll was 24,120 or an increase of 2%

- Aetna has opened a casualty underwriting department at Richmond. James M. Sheetz Jr., will be transferred from Detroit to Richmond as casualty underwriter.

- Great American has opened a Toledo office with Special Agent J. J. McKinley in charge.

Enforce Traffic Law, Tighten Responsibility Act, Donovan Urges

At the conference on automobile insurance problems at Buffalo, sponsored by New York State Bar Assn., James B. Donovan, New York City insurance lawyer, said the firm enforcement of adequate traffic laws and strengthening of the present safety responsibility law would do more to solve the problem of uncompensated victims of auto accidents than would compulsory insurance. He said that if the impoundment provision urged by the State Bar Assn. were in force several years, "the problem of the financially irresponsible motorist would become so minor that no further legislation would be necessary."

"Drastic reduction in traffic accidents can be brought about by vigorous enforcement of speed and other traffic laws on both urban and rural highways," he said. "Over 90% of all accidents involve law violations."

Motor Vehicle Commissioner Darden of New Jersey urged the enactment of a semi-annual compulsory car inspection law like New Jersey's. He said that in the decade prior to 1937, when the law went into effect, highway fatalities had been averaging 1,000 a year. The number dropped to 865 in 1938 and has never been higher than 837 since then, despite a 70% rise in number of registered cars and a 75% increase in gasoline use.

Wayne Van Orman, New York City insurance lawyer, was program chairman of the Buffalo meeting.

Ill. Mutuals Elect Davy President

Illinois Assn. of Mutual Insurance companies elected Ernest H. Davy of Mazon Mutual County Fire as the new president to succeed C. H. Rogier, Helvetia Township Mutual, at the golden anniversary convention at Peoria. Harry E. Parker, Manteno Mutual Fire, was elected vice-president, and H. L. Kennicott, Lumbermen's Mutual Casualty, was reelected secretary-treasurer.

The meeting was attended by 293 mutual company people representing 101 companies, an unexpectedly large crowd, although the total company membership in the association is 221.

The program included conferences on reinsurance, changing conditions and competition, farm appraisals, and inspections. Among the speakers were Harry P. Cooper, Jr., secretary of National Assn. of Mutual Insurance Companies, and Donald A. Tripp, Illinois Mutual Fire, president of the National association.

Awards were made to two Illinois farm boys who were the winners of the association's youth farm fire safety contest, and they will represent Illinois in the contest sponsored by the national association.

Staunton Opens Special Risk Agency at Chicago

Edward C. Staunton Co. has been formed at Chicago to specialize in the placement of surplus and excess lines. Mr. Staunton, formerly of Staunton, Glover & Co. at Chicago, has for 13 years specialized finding markets for hard to place risks. He started in insurance 25 years ago and later became a marine underwriter at New York City for Commercial Union. In 1935 he was appointed western marine manager of Hartford Fire and in 1941 opened his own office at Chicago.

Canadian Leader Predicts U. S. Auto Commission Cut

(CONTINUED FROM PAGE 1)

do about 50% of the business and their program of commission reduction has been followed almost to a man by the independent companies. Dominion Board, he said, controls the regional boards and the whole insurance pattern is set by the executive group of Dominion Board.

The Canadian commission reduction programs started in the larger cities in 1948 when 30% fire commissions were reduced to 25 and 22½% on sprinklered business. Automobile commissions that had been 25 and 30% for large agents was cut to 20% on private passenger cars, 15% on commercial vehicles and fleets, and 7½% on public vehicles. At the same time Dominion Board stipulated that at the end of a five year period there would be a further reduction of about 5 points on fire business.

Agents in smaller cities were already receiving a lower fire insurance commission so the reductions at that time applied only to their automobile business.

In the spring of 1953 auto commissions were cut again from 20 to 15% on private passenger cars, but because of the agitation on the part of agents the plan to reduce fire insurance commissions another 5 points in accordance with the 1948 timetable, was deferred for a year.

The Canadian agents, he said, have not taken these reductions "lying down". They have tried to fight the companies but so far have not met with any great success. However, largely as the result of this fight, the matter is under review by the Canadian combines investigation department. It will probably be some time before any real investigation is made and then no one knows what the answer will be, he said. He said it's significant that the Dominion Board action in reducing commissions five years ago and again this spring was followed immediately by practically all of the independent companies, stock and mutual.

All-Industry Luncheon at Chicago Is Set for Oct. 7

The annual All-Industry luncheon sponsored by Chicago C.P.C.U. chapter and to be held Oct. 7 will feature a talk by John T. Rettaliata, president of Illinois Institute of Technology. The preceding morning session will consist of four simultaneous panel discussions.

Robert M. Morse, educational director of American Institute for Property & Liability Underwriters, will present C.P.C.U. designations.

Panel topics are: "Should Illinois Adopt a Compulsory Automobile Law?"; "Big Ideas for Small Business Why Can't the Small Firm Have the Same Insurance Advantages as the Large One?"; "Let's Streamline the Insurance Business—How Procedures Can Be Modernized and Costs Reduced".

New Orange County Chiefs

Orange County (Cal.) Assn. of Insurance Agents has elected these officers: President, Victor C. Alleman, Santa Ana; vice-president, Howard W. Gerrish, Costa Mesa; secretary, John Younghusband, Santa Ana. They were installed at a meeting at Garden Grove.

John T. Even Resigns

John T. Even has resigned his position in the western department of Fireman's Fund.



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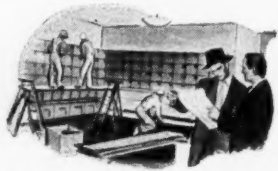
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